



THE PEPIN ACADEMIES, INC.

**A Charter School and Component Unit of the
School District of Hillsborough County**

Financial Statements

June 30, 2023

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Financial Statements
June 30, 2023

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PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Pepin Academies, Inc.
Tampa, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Pepin Academies, Inc. ("Pepin"), a component unit of the School District of Hillsborough County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pepin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Pepin Academies, Inc. as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pepin Academies, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pepin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt about shortly thereafter.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pepin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pepin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified during the audit.

INDEPENDENT AUDITORS' REPORT (Continued)

Required Supplementary Information

Accounting principles general accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 5 - 11 and 38 - 41, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 on our consideration of Pepin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pepin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pepin's internal control over financial reporting and compliance.



Prida Guida Perez P.A.
Tampa, Florida
September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

The following pages represent Management’s Discussion and Analysis (“MD&A”) of The Pepin Academies, Inc. (“Pepin” or “School”). The MD&A depicts and reviews the financial picture and activities of Pepin as of and for the year ended June 30, 2023.

The intent of this MD&A is to present a picture and assessment of Pepin’s financial performance in an effort to more clearly demonstrate to readers the results of this year’s financial operations. Readers should consider this MD&A along with the basic financial statements and the notes to the basic financial statements.

Using the Financial Statements

This financial report consists of three parts - management’s discussion and analysis (this section), basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of Pepin:

- The first two statements are government-wide financial statements that provide information about Pepin’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of Pepin, reporting Pepin’s operations in more detail than the government-wide statements.

The notes to the basic financial statements explain some of the information in the basic financial statements and provide more detail. The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements.

This document also includes the independent auditors’ report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General.

Government-Wide Financial Statements

The government-wide financial statements report information about Pepin as a whole using accounting methods similar to those used by the private sector. The statement of net position includes all of Pepin’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The first government-wide financial statement report Pepin’s net position and the second reports how it has changed. Net position, the difference between Pepin’s assets and liabilities, is one way to measure Pepin’s financial position. Over time, increases or decreases in Pepin’s net position are an indicator of whether its financial position is improving or deteriorating. To assess the overall financial position of Pepin, one needs to consider additional nonfinancial factors such as changes in Pepin’s student base funding level.

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Using the Financial Statements (Continued)

Fund Financial Statements

A fund is a self-balancing set of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used by Pepin to keep track of sources of funding and spending. The fund financial statements provide more detailed information about Pepin's most significant funds, not Pepin as a whole.

Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. Pepin's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. This short-term view is useful when comparing with the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

Pepin maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances. The general fund, special revenue fund, debt service fund, and capital project fund are considered Pepin's major funds.

Pepin adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for Pepin's major funds to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

- The year ended June 30, 2023 was Pepin's 10th year operating under a single charter serving grade 3 through grade 12, and the 8th year including Pepin Academies Transitional School. In prior years, Pepin operated as separate schools under separate charters: Pepin Elementary School, Pepin Middle School, Pepin High School, and Pepin Transitional School. In addition, the campus in Riverview, Florida also completed its 10th year of operations and the 7th year at its current location. Pepin operates both a Tampa and a Riverview campus, and finished the year with 856 students at both campuses.

THE PEPIN ACADEMIES, INC.
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Management's Discussion and Analysis (Unaudited)
June 30, 2023

- **Financial Highlights (Continued)**

- The following is a summary of the School's current year and prior year. Net position decreased \$286,653 from \$2,797,651 at June 30, 2022 to \$2,510,998 at June 30, 2023. The net decrease is comprised of the following:

	Net Position		
	Governmental Activities		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Assets			
Current	\$ 6,667,326	\$ 7,337,766	\$ (670,440)
Capital assets	21,456,430	21,676,145	(219,715)
Other non-current assets	563,482	1,049,132	(485,650)
Total assets	<u>\$ 28,687,238</u>	<u>\$ 30,063,043</u>	<u>\$ (1,375,805)</u>
Liabilities			
Current liabilities	\$ 1,378,131	\$ 1,435,365	\$ (57,234)
Long-term debt	23,869,966	24,101,877	(231,911)
Total liabilities	<u>\$ 25,248,097</u>	<u>\$ 25,537,242</u>	<u>\$ (289,145)</u>
Deferred inflows of resources			
Leases	\$ 928,143	\$ 1,728,150	\$ (800,007)
Total liabilities	<u>\$ 928,143</u>	<u>\$ 1,728,150</u>	<u>\$ (800,007)</u>
Net position			
Net investment in capital assets	\$ (2,580,340)	\$ (2,553,419)	\$ (26,921)
Restricted	2,901,614	3,274,505	(372,891)
Unrestricted	2,189,724	2,076,565	113,159
Total net position	<u>\$ 2,510,998</u>	<u>\$ 2,797,651</u>	<u>\$ (286,653)</u>

Current assets consist of cash, restricted cash, accounts and leases receivable, prepaid expenses, and other current assets. Restricted cash represents funds that are restricted for future debt service and project construction requirements under the terms of the revenue bond agreements. Other non-current assets consist of leases receivable and right to use leased assets. Right to use leased assets are reported net of accumulated amortization and consist of various office equipment. Capital assets are reported net of accumulated depreciation and consist of land; buildings and improvements; and furniture, fixtures, and equipment. Current liabilities consist of accounts payable, unearned revenue, various accrued expenses, and the current portion of long-term debt, while non-current liabilities consist of the non-current portion of long-term debt.

THE PEPIN ACADEMIES, INC.
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Financial Highlights (Continued)

The following is the School's summary of the change in Pepin's net position. The School's change in net position decreased \$177,156 from \$(109,497) for the year ended June 30, 2022 to \$(286,653) for the year ended June 30, 2023. The change in net position is comprised of the following:

Change in Net Position			
Governmental Activities			
	Year Ended June 30, 2023	Year Ended June 30, 2022	Increase (Decrease)
Revenues			
Program revenue			
Charges for services	\$ 347,670	\$ 249,916	\$ 97,754
Operating grants and contributions	3,108,895	1,326,448	1,782,447
General revenue			
Federal sources passed through local school district	56,370	790,549	(734,179)
State and local sources	11,745,230	11,700,010	45,220
Contributions and other revenue	425,665	661,319	(235,654)
Lease revenue	1,003,941	1,187,492	(183,551)
Interest income	121,892	70,798	51,094
Total revenues	<u>16,809,663</u>	<u>15,986,532</u>	<u>823,131</u>
Program Expenses			
Exceptional	7,926,355	7,187,434	738,921
Student support services	2,316,424	2,177,230	139,194
Instructional media services	2,554	5,079	(2,525)
Instructional staff training	31,546	29,730	1,816
School district administration fee	16,749	34,239	(17,490)
School administration	2,526,523	2,567,936	(41,413)
Facilities acquisition	93,348	26,828	66,520
Fiscal services	121,980	113,130	8,850
Food service	459,760	471,608	(11,848)
Transportation	31,817	15,981	15,836
Operation of plant	1,397,882	1,379,216	18,666
Maintenance of plant	369,518	386,682	(17,164)
Community service	429,059	316,507	112,552
Debt service interest	1,372,801	1,384,429	(11,628)
Total expenses	<u>17,096,316</u>	<u>16,096,029</u>	<u>1,000,287</u>
Change in net position	<u>\$ (286,653)</u>	<u>\$ (109,497)</u>	<u>\$ (177,156)</u>

THE PEPIN ACADEMIES, INC.
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Financial Highlights (Continued)

Pepin’s primary funding sources come from Pepin’s sponsor, the School District of Hillsborough County (“Sponsor” or “District”). Approximately 70% of this funding is revenue received from the Florida Education Finance Program (“FEFP”) that is funded by the state of Florida. Calculation of FEFP revenues involves a funding formula based upon student enrollment data. Pepin serves a population of students on a full-time basis with a wide range of learning and learning related differences. Because of this population, each student at Pepin has an Individual Education Plan (“IEP”). The level of funding for each student is determined by the need or level of service each individual child requires. A representative from the sponsor, school staff, and each student’s parent(s) or guardian(s) determine these levels jointly.

Other revenue sources include, but are not limited to, the state of Florida charter school capital outlay funds, IDEA funds, National School Lunch Program funds, Elementary and Secondary Emergency Relief (“ESSER”) funds, transportation disbursements, and various other grants. Contributions and other revenues consist of fundraising revenue and donations, childcare services, and cafeteria revenues. Lease revenue includes rents received from tenants in spaces located at the Riverview campus. Interest income includes interest earned on cash deposits and on leases receivable. For the 2021/2022 school year, ESSER funding was classified as federal passed through local school district. For the 2022/2023 school year ESSER is included in operating grants and contributions.

Pepin’s largest expenditure is for exceptional expenses, which account for 46% of the total expenses for the 2022/2023 school year. Pepin’s next largest expenses are for school administration and pupil personnel services, which account for 15% and 14%, respectively, of the total expenses for the 2022/2023 school year.

Pepin’s largest increase in expenses was in exceptional expenses, increasing \$738,921 or 10%, attributed to curriculum purchases made from BESE state grant funds received during the year, increased staff headcount, and salary increases. The second largest increase in expenses was in student support services, increasing \$139,194 or 6%, which is attributed to increased salary expenses and contracted speech language services. The third largest increase in expenses was in community service, increasing \$112,552 or 36%, which is attributed to adding a daycare program to the Riverview campus and an increase in school field trip activities.

The largest decrease in expenses was in school administration, decreasing \$41,413 or 2%, which is attributed to a decrease in grant related purchases as compared to the prior year.

Other remaining expense categories increased and decreased due to the general economic financial needs of Pepin.

Debt service interest of \$1,372,801, relates primarily to interest expense on the bonds payable that financed the purchase and buildout of the School’s Riverview campus location. Debt service interest expense decreased \$11,600, or 1%, compared to the prior year. Interest expense on the bonds payable decreased due to a decrease in principle while the total decrease in interest expense was offset by \$4,298 of interest expense related to the School’s lease liabilities.

THE PEPIN ACADEMIES, INC.
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June 30, 2023

Governmental Funds

Pepin reported a total fund balance of \$5,770,087 at June 30, 2023, down \$264,671 from \$6,034,758 reported at June 30, 2022.

Budgetary Highlights

Pepin's budget was prepared and approved by Pepin's Board of Directors at the start of the 2022/2023 school year and was developed based on the anticipated revenues and expenditures and expected student enrollment.

Right to Use Leased Assets

The balance of right to use leased assets (net of accumulated amortization) as of June 30, 2023 is \$79,219. Additional information regarding Pepin's leases can be found in Note 4 to the financial statements.

During the year, the School recorded no additional right to use leased assets or related lease liabilities. All of the School's leases are for equipment.

For the year ended June 30, 2023, the School also recorded amortization expense of \$24,471 related to the right to use leased assets calculated using the straight-line basis over the lives of the related leases.

Capital Assets

Assets acquired during the school year with a cost greater than Pepin's minimum capitalization threshold of \$500 totaled \$722,254. Depreciation expense in the government-wide financial statements was calculated utilizing the straight-line method and estimated useful lives of 5 years for classroom equipment, 7 years for furniture and fixtures, and 30 to 39 years for buildings and improvements. Total depreciation expense for the year ended June 30, 2023 was \$941,969 and the investment in capital assets (net of accumulated depreciation) as of June 30, 2023 is \$21,456,430. Additional information regarding Pepin's capital assets can be found in Note 5 to the financial statements.

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Debt

At June 30, 2023, the School has general education facility revenue bond liabilities outstanding with face values and maturities as follows:

Series	Face Value	Original Date	Maturity Date
Series 2016A	\$2,725,000	July 1, 2016	July 1, 2036
Series 2016A	\$6,785,000	July 1, 2016	July 1, 2046
Series 2016B Taxable	\$1,000,000	July 1, 2016	July 1, 2023
Series 2016B Taxable	\$1,655,000	July 1, 2016	July 1, 2029
	\$12,165,000		
Series 2020A	\$8,250,000	June 30, 2020	January 1, 2050
Series 2020B Taxable	\$4,555,000	June 30, 2020	January 1, 2024
	\$12,805,000		

At June 30, 2023, the School has outstanding lease liabilities totaling \$81,912 maturing at various times through 2027.

Economic Factors and Next Year’s Budget

Enrollment for the 2023/2024 school year is expected to decrease slightly to 850. Pepin estimates that revenues and expenditures from school operations will remain consistent with the previous year.

Pepin is confident that it has the staff and other resources in place to deliver and provide first-rate educational services and is actively seeking new ways to provide a higher level of education as efficiently as possible by managing its cost and being innovative in its approach to providing educational services.

Requests for Information

This financial report is to provide a general overview of The Pepin Academies, Inc.’s finances. Questions concerning any of the information contained in this report should be addressed to:

CFO, The Pepin Academies, Inc.
9304 Camden Field Parkway
Riverview, Florida 33578

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 2,446,030
Restricted cash and cash equivalents	2,807,269
Accounts receivable	618,521
Leases receivable, current	502,096
Prepaid expenses	39,246
Other current assets	254,164
Total current assets	<u>6,667,326</u>
Non-current assets	
Leases receivable, net of current portion	484,263
Right to use leased assets	
Equipment	120,947
Accumulated amortization	<u>(41,728)</u>
Total right to use leased assets, net of accumulated amortization	79,219
Capital assets	
Land	3,698,423
Buildings and improvements	21,696,799
Furniture, fixtures, and equipment	<u>2,759,940</u>
Total capital assets	28,155,162
Accumulated depreciation	<u>(6,698,732)</u>
Total capital assets, net of accumulated depreciation	<u>21,456,430</u>
Total non-current assets	<u>22,019,912</u>
Total assets	<u>\$ 28,687,238</u>

See accompanying notes to basic financial statements.

THE PEPIN ACADEMIES, INC.
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Statement of Net Position (Continued)
June 30, 2023

	<u>Governmental Activities</u>
Liabilities, deferred outflows of resources, and net position	
Liabilities	
Current liabilities	
Accounts payable	\$ 188,291
Unearned revenue	18,651
Accrued payroll	209,802
Accrued interest	675,642
Accrued other expenses	36,615
Non-current liabilities due within one year:	
Revenue bonds payable	225,000
Lease liabilities payable	24,130
Total non-current liabilities due within one year	249,130
Total current liabilities	1,378,131
Long-term debt:	
Revenue bonds payable, net	23,812,184
Lease liabilities payable	57,782
Total long-term debt	23,869,966
Total liabilities	25,248,097
Deferred inflows of resources	
Leases	928,143
Total deferred inflows of resources	928,143
Net position	
Invested in capital assets, net of related debt	(2,580,340)
Restricted for:	
Capital projects	414
Debt service	2,806,855
Vehicle purchase	94,345
Unrestricted	2,189,724
Total net position	2,510,998
Total liabilities, deferred inflows of resources, and net position	\$ 28,687,238

See accompanying notes to basic financial statements.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Statement of Activities
Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Exceptional	\$ 7,926,355	\$ -	\$ 909,660	\$ -	\$ (7,016,695)
Student support services	2,316,424	-	795,346	-	(1,521,078)
Instructional media services	2,554	-	-	-	(2,554)
Instructional staff training	31,546	-	18,629	-	(12,917)
School district administration fee	16,749	-	-	-	(16,749)
School administration	2,526,523	-	303,547	-	(2,222,976)
Facilities acquisition	93,348	-	135,931	-	42,583
Fiscal services	121,980	-	-	-	(121,980)
Food service	459,760	77,038	306,829	-	(75,893)
Transportation	31,817	-	2,480	-	(29,337)
Operation of plant	1,397,882	-	636,473	-	(761,409)
Maintenance of plant	369,518	-	-	-	(369,518)
Community service	429,059	270,632	-	-	(158,427)
Debt service interest	1,372,801	-	-	-	(1,372,801)
Total governmental activities	<u>\$ 17,096,316</u>	<u>\$ 347,670</u>	<u>\$ 3,108,895</u>	<u>\$ -</u>	<u>(13,639,751)</u>
General revenues					
Federal sources passed through local school district					56,370
State and local sources					11,745,230
Contributions and other revenue					345,660
Related party contributions					80,005
Lease revenue					1,003,941
Interest income					121,892
Total general revenues					<u>13,353,098</u>
Change in net position					(286,653)
Net position at beginning of year					<u>2,797,651</u>
Net position at end of year					<u>\$ 2,510,998</u>

See accompanying notes to basic financial statements.

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
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Balance Sheets – Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
Assets					
Cash	\$ 2,446,030	\$ -	\$ -	\$ -	\$ 2,446,030
Restricted cash	2,807,269	-	-	-	2,807,269
Accounts receivable	618,521	-	-	-	618,521
Leases receivable	986,359	-	-	-	986,359
Due from other funds	-	170,912	-	-	170,912
Prepaid expenses	39,246	-	-	-	39,246
Other current assets	254,164	-	-	-	254,164
Total assets	\$ 7,151,589	\$ 170,912	\$ -	\$ -	\$ 7,322,501
Liabilities					
Accounts payable	\$ 188,291	\$ -	\$ -	\$ -	\$ 188,291
Unearned revenue	18,651	-	-	-	18,651
Accrued payroll	209,802	-	-	-	209,802
Accrued expenses	36,615	-	-	-	36,615
Due to other funds	170,912	-	-	-	170,912
Total liabilities	624,271	-	-	-	624,271
Deferred inflows of resources					
Leases	928,143	-	-	-	928,143
Total deferred inflows of resources	928,143	-	-	-	928,143
Fund balance					
Nonspendable:					
Prepaid expenses	39,246	-	-	-	39,246
Other current assets	254,164	-	-	-	254,164
Leases	58,216	-	-	-	58,216
Restricted					
Cash for debt service and capital projects	2,807,269	-	-	-	2,807,269
Lunch program	-	170,912	-	-	170,912
Vehicle purchase	94,345	-	-	-	94,345
Unassigned	2,345,935	-	-	-	2,345,935
Total fund balance	5,599,175	170,912	-	-	5,770,087
Total liabilities, deferred inflows of resources, and fund balance	\$ 7,151,589	\$ 170,912	\$ -	\$ -	\$ 7,322,501

See accompanying notes to basic financial statements.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total fund balance of governmental funds \$ 5,770,087

Amounts reported for governmental activities in the statement of net position are different because:

Right to use leased assets and capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.

Right to use leased assets at year end consist of:

Right to use leased assets	\$ 120,947	
Accumulated amortization	<u>(41,728)</u>	
		79,219

Capital assets at year end consist of:

Cost of capital assets	\$ 28,155,162	
Accumulated depreciation	<u>(6,698,732)</u>	
		21,456,430

Accrued general long-term debt interest expenses are not financial uses and, therefore, are not reported in the governmental funds. (675,642)

Long-term liabilities are not due and payable in the current period and, accordingly are not reported in the governmental funds.

Long-term liabilities at year end consist of:

Bonds payable	(24,195,000)	
Less: Issuance discount (to be accreted as an increase in interest expense)	157,816	
Lease liabilities payable	<u>(81,912)</u>	
		<u>(24,119,096)</u>

Total net position of governmental activities **\$ 2,510,998**

See accompanying notes to basic financial statements.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
Revenues					
Federal sources passed through local school district	\$ -	\$ 1,911,727	\$ -	\$ -	\$ 1,911,727
State and local sources	11,745,230	-	-	578,473	12,323,703
State grant passed through related party	-	675,065	-	-	675,065
Contributions and other revenue	693,330	-	-	-	693,330
Related party contributions	80,005	-	-	-	80,005
Lease revenue	1,003,941	-	-	-	1,003,941
Interest income	121,892	-	-	-	121,892
Total revenues	13,644,398	2,586,792	-	578,473	16,809,663
Expenditures					
Exceptional	6,493,475	909,660	-	-	7,403,135
Student support services	1,521,078	795,346	-	-	2,316,424
Instructional media services	2,554	-	-	-	2,554
Instructional staff training	12,917	18,629	-	-	31,546
School district administration fee	16,749	-	-	-	16,749
School administration	2,547,001	303,547	-	-	2,850,548
Facilities acquisition and construction	95,352	135,931	-	-	231,283
Fiscal services	121,980	-	-	-	121,980
Food service	-	306,829	-	-	306,829
Transportation	29,337	2,480	-	-	31,817
Operation of plant	1,339,882	58,000	-	-	1,397,882
Maintenance of plant	366,944	-	-	-	366,944
Community service	429,059	-	-	-	429,059
Debt service principal	-	-	210,000	-	210,000
Debt service interest	-	-	1,357,584	-	1,357,584
Total expenditures	12,976,328	2,530,422	1,567,584	-	17,074,334
Other financing sources (uses)					
Transfers in	-	-	1,567,584	-	1,567,584
Transfers out	(989,111)	-	-	(578,473)	(1,567,584)
	(989,111)	-	1,567,584	(578,473)	-
Change in fund balance	(321,041)	56,370	-	-	(264,671)
Fund balance at beginning of year	5,920,216	114,542	-	-	6,034,758
Fund balance at end of year	\$ 5,599,175	\$ 170,912	\$ -	\$ -	\$ 5,770,087

See accompanying notes to basic financial statements.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of the
Governmental Funds to the Statement of Activities
June 30, 2023

Change in fund balance - total governmental funds \$ (264,671)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the life of the assets.

The amount by which right to use leased assets expenditures exceeded amortization in the current period:

Expenditures for right to use leased assets	\$ -		
Less current year amortization	(24,471)		(24,471)

The amount by which capital outlays exceeded depreciation in the current period:

Expenditures for capital assets	\$ 722,254		
Less current year depreciation	(941,969)		(219,715)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:

New lease liabilities issued	\$ -		
Principal payments on lease liabilities	23,123		
Principal payments on bonds payable	210,000		233,123

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Amortization of bond discount	(17,219)		
Current year change in accrued interest	6,300		(10,919)

Change in net position - governmental activities \$ (286,653)

See accompanying notes to basic financial statements.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 1 – Reporting Entity

The Pepin Academies, Inc. (“Pepin” or “School”) is a not-for-profit corporation formed under the laws of the state of Florida on April 20, 1999. Pepin operates a Florida charter school at two campuses in Hillsborough County, Florida with a mission to empower students with learning disabilities to maximize their potential in a positive therapeutic educational environment. Pepin prepares their students to meet the academic, social, and emotional challenges encountered in everyday life and prepares them for a successful transition to middle school, high school, and post-secondary opportunities.

The governing body of Pepin is a not-for-profit corporation board of directors composed of no less than three members.

The general operating authority for the Pepin is contained in Section 228.056, Florida Statutes. Pepin operates under a charter of the sponsoring school district, the School District of Hillsborough County (“District”). Pepin’s current charter is effective until June 30, 2038. The charter may be renewed at the end of the contract term provided that the program review demonstrates that Pepin's purpose has been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify Pepin in writing at least 90 days prior to such action. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by Pepin with public funds and any unencumbered public funds revert back to the District. Pepin is considered a component unit of the School District of Hillsborough County and, for financial reporting purposes, is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of Pepin that should be reported with Pepin's general purpose financial statements are identified and described in the Governmental Accounting Standards Board's (“GASB”) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which Pepin is financially accountable and other organizations for which the nature and significance of their relationship with Pepin are such that exclusion would cause Pepin's general purpose financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of Pepin.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – Pepin's basic financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. Accordingly, both government-wide (reporting on Pepin as a whole) and fund financial statements (reporting on the governmental funds only) are presented. Both the government-wide and fund financial statements present only governmental activities. Pepin has no business-type activities.

Basic Financial Statements - Government-Wide Financial Statements

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

In the government-wide statement of net position, Pepin’s governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and other obligations. Pepin’s net position is reported in three parts (as applicable): invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

Basic Financial Statements - Government-Wide Financial Statements (Continued)

The government-wide statement of activities reports both the gross and net cost of each of Pepin’s functions. The functions are also supported by general government revenues (funding from the sponsoring school board). The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants.

The net costs, by function, are normally covered by general revenue funding from the sponsoring school district.

The government-wide financial statement focus is more on the sustainability of Pepin as an entity and the change in Pepin’s financial position resulting from the current year’s activities.

Basic Financial Statements - Fund Financial Statements

Pepin’s financial transactions are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures.

The individual generic fund type in Pepin’s financial statements is a governmental fund. The focus of the governmental fund’s measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income.

Pepin utilizes the following governmental funds:

General fund – Accounts for all financial activity not required to be accounted for in another fund.

Special revenue fund – Accounts for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditures for specific purpose and to provide a single source of accountability for all the monies received.

Debt service fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital project fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for specific purposes, such as acquisition or construction of facilities or other capital assets.

For purposes of these financial statements, the above funds are all major funds.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund balances – The different types of fund balances that a governmental entity must use for financial reporting purposes are described below:

Nonspendable fund balance is associated with items such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). The leases portion of nonspendable fund balance is not an available resource because it represents the year-end balance of the leases receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal vote of the District (Pepin’s highest level of decision-making authority). Pepin has no committed fund balance at year end.

Assigned fund balance is intended to be used by Pepin for specific purposes that do not meet the criteria to be classified as restricted or committed. Pepin has no assigned fund balance at year end.

Unassigned fund balance is the residual classification for Pepin’s general fund and includes all spendable amounts not contained in the other classifications.

Pepin’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

Basis of accounting – The basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual – The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, are recognized when due.

Budgetary basis accounting – Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies, and capital outlay).

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash – Cash consists of demand deposits with commercial banks. From time to time, cash balances may exceed federally insured limits. Management believes the risk of loss is remote.

Accounts receivable and allowance – Accounts receivable are stated at cost less an allowance for doubtful accounts. Management’s determination of the allowance is based on an evaluation of past collection history. Management provides for probable uncollectable amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. An allowance for accounts receivable is considered unnecessary by management as of June 30, 2023.

Leases receivable – Leases receivable are stated at the present value of the payments expected to be received during the lease terms, calculated at the time the Leasing standard was implemented, or the lease was initiated, as appropriate, and adjusted for payments received. Under the lease agreements, the School may receive additional inflows related to the leases based on the terms of the leases. Deferred inflows of resources was recorded in the amount of the leases receivable recorded at the time the Leasing standard was implemented, or the lease was initiated. The deferred inflows of resources is amortized on a straight-line basis over the terms of the related leases.

Prepaid expenses and other assets – Advanced payments to vendors for expenses that are applicable to future accounting periods.

Right to use leased assets – Pepin has recorded right to use leased assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use leased assets were initially measured at an amount equal to the initial measurement of the related lease liabilities. The right to use leased assets are amortized on a straight-line basis over the lives of the related leases. The related leases are discussed in the lease liabilities subsection of the long-term liabilities footnote.

Capital assets – Expenditures for general capital assets acquired for general school purposes are reported in the governmental funds that financed the acquisition. The capital assets acquired are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Capital assets are defined by Pepin as assets that are used in operations and have useful lives that extend beyond a single accounting period. Capital assets acquired during the year with a cost greater than Pepin’s minimum capitalization threshold of \$500 are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Building and land improvements	30 - 39 years
Furniture and fixtures	7 years
Classroom equipment	5 years

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Bond issuance costs – Bond issuance costs incurred in connection with obtaining revenue bond financing were expensed in the year of bond issuance.

Bond discounts – Discounts on revenue bonds payable incurred in connection with obtaining revenue bond financing are presented a reduction of revenue bonds payable on the accompanying statement of net position. Bond discounts are amortized over the life of the related bonds and are recorded as an increase in bond service interest in the accompanying statement of activities.

Deferred inflows of resources – In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods, and, as such, will not be recognized as revenue until then.

Revenue sources – Revenues for current operations are received primarily from the District pursuant to the funding provisions included in Pepin's charter.

In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, Pepin reports the number of full-time equivalent (“FTE”) students and related data to the District. Under provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (“FDOE”) for funding through the Florida Education Finance Program (“FEFP”). Funding for Pepin is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE students reported by Pepin during the designated FTE student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)(2), Florida Statutes. For the 2022/2023 school year Pepin reported 855.80 unweighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain auditable records and the following documentation for three years or until the completion of an FTE audit:

Attendance and membership documentation (Rule 6A-1.044, FAC)

Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)

Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)

Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), Florida Statutes, and Rule 6A-03411, FAC)

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Special Revenue Funds Revenues

Pepin receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. These funds are accounted for in the special revenue fund.

Pepin’s special revenue funds revenue sources are summarized as follows:

Elementary and Secondary Emergency Relief (“ESSER”) funds come from three separate federal Acts to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in Florida. ESSER funds are summarized as follows:

ESSER I – The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act provided ESSER I funds to local educational agencies to develop and implement plans for educational services and continued learning, whether school campuses are open or closed.

ESSER II – The Coronavirus Response and Relief Supplemental Appropriations (“CRRSA”) Act provided ESSER II funds to local educational agencies to restore and maintain high-quality learning environments, measure and effectively address significant learning loss, and take other actions to mitigate the impact of COVID-19 on the students and families who depend on K-12 schools.

ESSER III (ARP) – The American Rescue Plan (“ARP”) Act provided ESSER III (ARP) funds to local educational agencies to help safely reopen and sustain the same operation of schools and address the impact of the COVID-19 pandemic on students, specifically including special education.

NSLP – The National School Lunch Program (“NSLP”) is a federally assisted meal program operating in public and nonprofit private schools. It provides nutritionally balanced, low-cost or free lunches to qualified students through subsidies to the School. The program was established under the National School Lunch Act.

IDEA – The Individuals with Disabilities Education Act (“IDEA”) provides local education agencies with funding free appropriate public education to eligible children with disabilities and ensures special education and related services to those children.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

BESE state grant – The Pepin Academies Foundation, Inc. (“PAF”), a related party, applied for and received a grant from the Florida Department of Education, Division of Public Schools, Bureau of Exceptional Student Education (“BESE”), to provide technology equipment, safety and security equipment, items for learning related skills lab, occupational therapy equipment, and curriculum and assessments specifically targeted to support the needs of students with disabilities as well as professional development to support the implementation of specialized programs and assessments for students with disabilities. PAF granted a portion of this state grant to the School.

Pepin received the following special revenue funds revenues during the year ended June 30, 2023:

ESSER III (ARP)	\$	1,199,403
NSLP		363,199
IDEA		349,125
BESE state grant		675,065
		675,065
	\$	2,586,792

Capital Projects Funds Revenues

Pepin receives state of Florida charter school capital outlay funding from the District. The amount received under this program is based on Pepin’s actual and projected student enrollment during the year. Funds received under this program may only be used for lawful capital outlay expenditures and are accounted for in the capital projects fund. Pepin received \$578,473 in capital outlay funding during the year ended June 30, 2023.

Rental revenue – Rent revenue is recognized in income monthly when due under terms of the lease agreements. Rental payments received in advance are deferred and classified as a liability until earned.

Additional revenues consist of miscellaneous donations, lunch receipts, fundraising activities, contributions, and other revenue.

Concentration of revenue sources – Approximately 85% of Pepin's revenue is derived from grants from the federal government passed through the State of Florida Department of Education and state and local funds passed through the District, which are renewable every 15 years. The level of Pepin's operations and program services may be impacted, or segments discontinued if funding is not renewed.

Allocation of indirect costs – Depreciation expense in the government-wide financial statements is allocated to a function based on the function’s usage of the related capital asset.

Leases – Rent expense on operating leases is recognized on a straight-line basis over the life of the leases commencing with the date of possession.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Income taxes – Pepin is a not-for-profit organization exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these basic financial statements. Pepin has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Pepin is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Management believes Pepin met the requirements to maintain their tax-exempt status and have no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

Use of estimates – The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Restricted Cash

At June 30, 2023, restricted cash is held by Pepin’s trustee, Wilmington Trust, as required by the 2016 and 2020 bond agreements. Restricted cash is to be used for future debt service requirements and construction project costs, and as of June 30, 2023, consists of the following:

Debt service requirements	\$	2,806,855
Project construction requirements		414
		\$ 2,807,269

Note 4 – Right to Use Leased Assets

Right to use leased asset activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Right to use leased assets				
Equipment	\$ 120,947	\$ -	\$ -	\$ 120,947
Less accumulated amortization				
Equipment	17,257	24,471	-	41,728
	\$ 103,690	\$ (24,471)	\$ -	\$ 79,219

Amortization expense of \$24,471 was charged to school administration expense.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Land	\$ 3,698,423	\$ -	\$ -	\$ 3,698,423
Buildings and land improvements	21,561,579	135,220	-	21,696,799
Furniture, fixtures, and equipment	2,172,906	587,034	-	2,759,940
	<u>27,432,908</u>	<u>722,254</u>	<u>-</u>	<u>28,155,162</u>
Less accumulated depreciation				
Buildings and land improvements	4,291,945	636,925	-	4,928,870
Furniture, fixtures, and equipment	1,464,818	305,044	-	1,769,862
	<u>5,756,763</u>	<u>941,969</u>	<u>-</u>	<u>6,698,732</u>
	<u>\$ 21,676,145</u>	<u>\$ (219,715)</u>	<u>\$ -</u>	<u>\$ 21,456,430</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 641,403
School administration	145,061
Food service	152,931
Operation of plant	2,574
	<u>\$ 941,969</u>

Note 6 – Long-Term Liabilities

Educational Facility Revenue Bond, Series 2016

On July 21, 2016, the Florida Development Finance Corporation (“FDFC”) issued the following educational facility revenue bonds: \$9,510,000 Nontaxable Education Facility Revenue Bonds (The Pepin Academies, Inc.) Series 2016A, \$2,655,000 Taxable Education Facility Revenue Bonds (The Pepin Academies, Inc.) Series 2016B. Proceeds of the bonds were loaned to the school to finance the cost of acquiring and renovating the Riverview campus educational facilities, as well as to refund the outstanding principal amount of the City of Tampa, Florida, Florida Educational Facilities Refunding Revenue Bonds and to refinance the notes payable principal balance.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 6 – Long-Term Liabilities (continued)

Educational Facility Revenue Bond, Series 2016 (Continued)

Details of the bonds outstanding at year end are as follows:

	Educational Facility Revenue Bonds	
	Series 2016A	Series 2016B Taxable
Origination date	July 21, 2016	July 21, 2016
Balance	\$9,510,000	\$1,880,000
Maturity/interest	\$2,725,000 due July 1, 2036 @ 5.000% \$6,785,000 due July 1, 2046 @ 5.125%	\$1,000,000 due July 1, 2023 @ 6.000% \$1,655,000 due July 1, 2029 @ 6.250%

Educational Facility Revenue Bond, Series 2020

On June 30, 2020, Capital Trust Agency (“CTA”) issued the following educational facility revenue bonds: \$8,250,000 Nontaxable Education Facility Revenue Bonds (The Pepin Academies, Inc. Project) Series 2020A and \$4,555,000 Taxable Education Facility Revenue Bonds (The Pepin Academies, Inc. Project) Series 2020B. Proceeds of the bonds were loaned to the school to finance the cost of acquiring and renovating certain property and buildings adjacent to the existing Riverview campus location.

Details of the bonds outstanding at year end are as follows:

	Educational Facility Revenue Bonds	
	Series 2020A	Series 2020B Taxable
Origination date	June 30, 2020	June 30, 2020
Balance	\$8,250,000	\$4,555,000
Maturity/interest	\$8,250,000 due July 1, 2055 @ 5.750%	\$580,000 due July 1, 2027 @ 4.750% \$3,975,000 due July 1, 2043 @ 6.250%

Bonds Payable

Bonds payable activity for the year ended June 30, 2023 is as follows:

	Balance	Additions	Reductions	Balance
	June 30, 2022			June 30, 2023
Revenue bonds payable:				
Series 2016A	\$ 9,510,000	\$ -	\$ -	\$ 9,510,000
Series 2016B Taxable	2,090,000	-	(210,000)	1,880,000
Series 2020A	8,250,000	-	-	8,250,000
Series 2020B Taxable	4,555,000	-	-	4,555,000
	<u>24,405,000</u>	<u>-</u>	<u>(210,000)</u>	<u>24,195,000</u>
Current portion	(210,000)	(225,000)	210,000	(225,000)
Discount on 2016 bonds	(170,369)	-	16,997	(153,372)
Discount on 2020 bonds	(4,666)	-	222	(4,444)
	<u>\$ 24,019,965</u>	<u>\$ (225,000)</u>	<u>\$ 17,219</u>	<u>\$ 23,812,184</u>

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 6 – Long-Term Liabilities (continued)

Bonds Payable (continued)

The revenue bonds payable contain certain financial covenants that require, among other things, maintenance of minimum debt service coverage ratio of 1.10 and to maintain, as of June 30 and December 31 each year, at least 45 days cash on hand. As of June 30, 2023, Pepin was in compliance with these financial covenants by maintaining a debt service coverage ratio of 1.35 and 55 days cash on hand.

Lease Liabilities

Lease liabilities activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Lease liabilities	\$ 105,035	\$ -	\$ (23,123)	81,912
Less current portion				(24,130)
				\$ 57,782

New leases entered into during the year are evaluated and recorded during the year. At the time of the initial measurement of the leases, if there is no interest rate specified in the original lease agreements, the School uses a discount rates (in the table below) which are based on management’s experience in the market and its best estimate of what a reasonable interest rate would be based on the nature and terms of the related lease agreements. There were no new lease agreements entered into during the year.

Lease agreements and liabilities are summarized as follows:

Leased Property	Date	Payment Terms	Payment Amount	Discount Rate	Initial Lease Liability	Current Year Additional Outflows	Balance June 30, 2023
Postage meter	August 2019	63 months	\$ 155	4%	\$ 9,765	\$ 144	\$ 2,068
Postage meter	May 2020	63 months	\$ 45	4%	\$ 2,835	216	1,178
Copier	August 2020	63 months	\$ 448	3%	\$ 28,253	2,500	12,589
Printers/copiers	July 2021	63 months	\$ 1,637	5%	\$ 103,104	19,498	66,077
						\$ 22,358	\$ 81,912

The copiers, printers, and postage meters were leased for use at the School. Management evaluated the lease portfolio and did not identify any residual value guarantees related to its leases. Additionally, Pepin has no plans to exercise renewal options in the leases, to the extent such exist. and the School will not acquire the equipment at the end of the leases’ terms. The School paid approximately \$22,000 in fees for various maintenance and overage charges on the equipment, beyond the minimum lease payments required, during the year ended June 30, 2023.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

Discount Rates

The discount rates above were used to allocate the principal and interest payments on all of the lease liabilities.

Debt Service Requirements

Following is a summary of future annual debt service requirements for all long-term debt at June 30, 2023:

Year ending June 30,	Revenue Bonds Payable			Lease Liabilities		
	Principal	Interest	Total	Principal	Interest	Total
2024	225,000	1,344,532	1,569,532	24,130	3,291	27,421
2025	370,000	1,327,232	1,697,232	23,544	2,243	25,787
2026	390,000	1,305,544	1,695,544	20,914	1,190	22,104
2027	415,000	1,282,563	1,697,563	13,324	260	13,584
2028 - 2032	2,455,000	6,005,808	8,460,808	-	-	-
2033 - 2037	3,215,000	5,221,376	8,436,376	-	-	-
2038 - 2042	4,185,000	4,208,217	8,393,217	-	-	-
2043 - 2047	6,315,000	2,864,582	9,179,582	-	-	-
2048 - 2052	2,830,000	1,515,702	4,345,702	-	-	-
2053 - 2055	3,795,000	524,258	4,319,258	-	-	-
	<u>\$ 24,195,000</u>	<u>\$ 25,599,814</u>	<u>\$ 49,794,814</u>	<u>\$ 81,912</u>	<u>\$ 6,984</u>	<u>\$ 88,896</u>

Interest

Accrued interest activity for the year ended June 30, 2023 is as follows:

	Balance	Additions	Reductions	Balance
	June 30, 2022			June 30, 2023
Revenue bonds payable	<u>\$ 681,942</u>	<u>\$ 1,351,284</u>	<u>\$ (1,357,584)</u>	<u>\$ 675,642</u>

Interest expense for the year ended June 30, 2023 consists of the following components:

Revenue bonds payable interest	\$ 1,351,284
Amortization of bond discount	17,219
Lease liabilities interest	4,298
	<u>\$ 1,372,801</u>

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 7 – Schedule of Federal, State, and Local Revenue Sources

The following is a schedule of federal, state, and local revenue sources and amounts for the year ended June 30, 2023:

School District of Hillsborough County		
FEFP base	\$	4,047,226
Add FTE		2,310
ESE guaranteed		5,630,850
Discretionary millage compression		189,687
Total funds compression		22,327
Discretionary local effort		397,886
Teacher salary increase		225,697
Supplemental academic instruction		191,503
Safe schools allocation		48,572
Instructional materials		65,878
Mental health		38,491
Reading allocation		44,047
Class size reduction		812,807
Charter school capital outlay		578,473
Federal via Florida Department of Education		1,911,727
State grant via related party		675,065
Food service		77,038
Community service		270,632
Contributions and other revenue		373,609
Related party contributions		80,005
Lease revenue		1,003,941
Interest income		121,892
		<u>121,892</u>
	\$	<u>16,809,663</u>

Note 8 –Lessor Agreements

On June 30, 2020, Pepin acquired property adjoining its Riverview campus. That property was significantly leased to several tenants under leases that were transferred to Pepin as part of the property purchase.

As of June 30, 2023, Pepin leased approximately 67,000 square feet of its Riverview campus property to several tenants. The terms of the leases include minimum lease payments that escalate over time as well as additional terms specific to each lease.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 8 –Lessor Agreements (Continued)

Pepin had entered into these lease agreements prior to the implementation of GASB Statement No. 87, *Leases*. To implement the standard, the present value of the remaining future minimum lease payments that existed at July 1, 2021 was calculated and recorded as leases receivable and deferred inflows of resources.

At the time of the initial measurement of the leases, there was no interest rate specified in the original lease agreements. To calculate the present value of the remaining future minimum lease payments, Pepin used a 3% discount rate, which was based on management’s experience in the market and its best estimate of what a reasonable interest rate would be based on the nature and terms of the related lease agreements.

There were no new leases entered into during the year, nor were there any lease modifications. Subsequent to year end, Pepin and Graybar Electric entered into an amendment to the original agreement to extend the term of the lease to March 31, 2029.

Significant terms of lease agreements, leases receivable balances, and lease revenues are summarized as follows:

Leased Property	Lease Termination Date	Lease Type	Square Footage	Leases	Lease Revenue	Leases	Lease Interest Income	Other Leasing Inflows
				Receivable Balance July 1, 2022		Receivable Balance June 30, 2023		
Walgreens	January 2024	Building	20,000	\$ 516,299	\$ 321,688	\$ 194,611	\$ 11,142	\$ 3,057
Graybar Electric	March 2024	Triple net	10,000	176,668	98,423	78,245	3,963	72,746
i9 Sports Corp.	June 2027	Base plus	10,216	761,480	133,424	628,056	21,020	28,301
Maronda Homes	May 2023	Triple net	5,700	81,679	81,679	-	1,237	32,228
Lexes Assoc.	July 2023	Base plus	4,000	63,730	58,327	5,403	1,114	18,271
Beazer Homes	March 2024	Modified gross	6,398	180,730	100,686	80,044	4,054	51,340
Rizzetta & Co.	June 2022	Triple net	11,176	398	398	-	-	398
			67,490	\$ 1,780,984	\$ 794,625	\$ 986,359	\$ 42,530	\$ 206,341

Future minimum lease payments expected are as follows:

Year ending June 30,	
2024	\$ 523,000
2025	163,849
2026	168,765
2027	173,828
	<u>\$ 1,029,442</u>

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 9 – Interfund Transfers

Transfers are primarily used to transfer revenues that have been collected in the general fund to the debt services fund and capital project fund. Interfund transfers consisted of the following for the year ended June 30, 2023:

Transfers from the general fund to:	
Debt service fund	\$ 1,567,584
Capital project fund	<u>(578,473)</u>
	<u><u>\$ 989,111</u></u>

Note 10 – Risk Management Program

Workers’ compensation coverage, health and hospitalization, general liability, professional liability, and property coverage is provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded the commercial coverage in any of the years ended June 30, 2023, 2022 or 2021.

Note 11 – Related Party Transactions

Pepin Academies of Pasco County, Inc. (“Pepin Pasco”) is a not-for-profit corporation that operates a charter school in Pasco County, Florida. Pepin Pasco is related to Pepin by shared management and fundraising support from Pepin Academies Foundation, Inc. (“PAF”).

PAF was formed to promote and raise funds for the Pepin Academies schools. During the year ended June 30, 2023, Pepin received \$80,005 in contributions from PAF and \$675,065 in state grants passed through PAF.

Certain shared management payroll expenses are paid by Pepin Pasco and repaid by Pepin. During the year ended June 30, 2023, Pepin received approximately \$244,000 related to this expense.

At June 30, 2023, Pepin had no amounts owing to or from the Pepin Pasco or to PAF.

Note 12 – School Employees Benefit Plan

Pepin maintains a cash or deferred profit-sharing plan (“Plan”) for eligible employees. Employees may contribute to the Plan up to the lesser of 75% of their compensation or the annual limit as defined by the Internal Revenue Service. Pepin may, but is not required to, make discretionary matching contributions to the Plan. During the year ended June 30, 2023, Pepin made discretionary matching contributions to the Plan totaling approximately \$127,000.

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Notes to Basic Financial Statements
June 30, 2023

Note 13 – Contingencies

In the normal course of operations, the School may become a defendant in various legal actions. Many of the School's risks are covered by insurance, but some are not. As a charter school that is subject to the laws relating to Florida public schools, the School will rely upon sovereign immunity caps for claims made against it. Some matters may not be covered by insurance, in whole or in part, or subject to sovereign immunity caps, and may be a liability of the School if settled adversely. The ultimate resolution of any matters existing at year end is not expected to have a material effect on the financial statements.

Note 14 – Subsequent Events

Management has evaluated all events subsequent to the statement of net position date of June 30, 2023 through September 29, 2023, which is the date these financial statements were available to be issued. Except as described in Note 8, management determined that there are no subsequent events that require disclosure or recognition.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Budgetary Comparison Schedule – General Fund (Unaudited)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance from Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State and local sources	\$ 12,898,541	\$ 11,745,230	\$ 11,745,230	\$ -
Contributions and other revenue	1,055,596	693,330	693,330	-
Related party contributions	-	80,005	80,005	-
Lease revenue	-	1,003,941	1,003,941	-
Interst income	-	121,892	121,892	-
Total revenues	<u>13,954,137</u>	<u>13,644,398</u>	<u>13,644,398</u>	<u>-</u>
Expenditures				
Instruction	7,050,151	-	-	-
Exceptional	-	6,493,475	6,493,475	-
Student support services	2,160,453	1,521,078	1,521,078	-
Instructional media services	5,000	2,554	2,554	-
Instructional staff training	20,000	12,917	12,917	-
School district administration fee	33,000	16,749	16,749	-
School administration	2,180,139	2,547,001	2,547,001	-
Facilities acquisition and construction	124,500	95,352	95,352	-
Fiscal services	116,060	121,980	121,980	-
Food service	8,226	-	-	-
Transportation	239,700	29,337	29,337	-
Operation of plant	1,358,894	1,339,882	1,339,882	-
Maintenance of plant	66,440	366,944	366,944	-
Community service	330,333	429,059	429,059	-
Total expenditures	<u>13,692,896</u>	<u>12,976,328</u>	<u>12,976,328</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	575,093	-	-	-
Transfers out	<u>(1,004,405)</u>	<u>(989,111)</u>	<u>(989,111)</u>	<u>-</u>
	<u>(429,312)</u>	<u>(989,111)</u>	<u>(989,111)</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	(168,071)	(321,041)	(321,041)	-
Fund balance at beginning of year	<u>5,920,216</u>	<u>5,920,216</u>	<u>5,920,216</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 5,752,145</u></u>	<u><u>\$ 5,599,175</u></u>	<u><u>\$ 5,599,175</u></u>	<u><u>\$ -</u></u>

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Budgetary Comparison Schedule – Special Revenue Fund (Unaudited)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance from Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal sources passed through local school district	\$ -	\$ 1,911,727	\$ 1,911,727	\$ -
State and local sources	3,256,666	-	-	-
State grant passed through related party	-	675,065	675,065	-
Total revenues	3,256,666	2,586,792	2,586,792	-
Expenditures				
Instruction	1,218,460	-	-	-
Exceptional	-	909,660	909,660	-
Student support services	365,463	795,346	795,346	-
Instructional staff training	10,429	18,629	18,629	-
School administration	315,414	303,547	303,547	-
Facilities acquisition and construction	432,250	135,931	135,931	-
Food service	339,557	306,829	306,829	-
Transportation	-	2,480	2,480	-
Operation of plant	-	58,000	58,000	-
Total expenditures	2,681,573	2,530,422	2,530,422	-
Other financing sources (uses)				
Transfers out	(575,093)	-	-	-
	(575,093)	-	-	-
Excess of revenues over expenditures	-	56,370	56,370	-
Fund balance at beginning of year	114,542	114,542	114,542	-
Fund balance at end of year	\$ 114,542	\$ 170,912	\$ 170,912	\$ -

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Budgetary Comparison Schedule –Debt Service Fund (Unaudited)
Year Ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
State and local sources	\$ 556,876	\$ -	\$ -	\$ -
Total revenues	556,876	-	-	-
Expenditures				
Debt service principal	210,000	210,000	210,000	-
Debt service interest	1,351,281	1,357,584	1,357,584	-
Total expenditures	1,561,281	1,567,584	1,567,584	-
Other financing sources (uses)				
Transfers in	1,004,405	1,567,584	1,567,584	-
	1,004,405	1,567,584	1,567,584	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

THE PEPIN ACADEMIES, INC.
A Charter School and Component Unit of the
School District of Hillsborough County
Budgetary Comparison Schedule – Capital Project Fund (Unaudited)
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance from Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State and local sources	\$ -	\$ 578,473	\$ 578,473	\$ -
Total revenues	-	578,473	578,473	-
Other financing sources (uses)				
Transfers out	-	(578,473)	(578,473)	-
	-	(578,473)	(578,473)	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -



PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
The Pepin Academies, Inc.
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Pepin Academies, Inc. ("Pepin"), a component unit of the District School Board of Hillsborough County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pepin's basic financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pepin's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pepin's internal control. Accordingly, we do not express an opinion on the effectiveness of Pepin's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS (Continued)***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pepin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Prida Guida Perez P.A.
Tampa, Florida
September 29, 2023

**INFORMATION REQUIRED BY
RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, *CHARTER SCHOOL AUDITS***



PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
1106 N. FRANKLIN STREET
TAMPA, FLORIDA 33602

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Directors
The Pepin Academies, Inc.
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of The Pepin Academies, Inc., a component unit of the School District of Hillsborough County, as of and for the year ended June 30, 2023, and have issued our report thereon dated September 29, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is The Pepin Academies, Inc. and the school code assigned by the Florida Department of Education is 6609.

INDEPENDENT AUDITORS' MANAGEMENT LETTER (Continued)

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not The Pepin Academies, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that The Pepin Academies, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for The Pepin Academies, Inc. It is management's responsibility to monitor The Pepin Academies, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether The Pepin Academies, Inc. maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that The Pepin Academies, Inc. maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the board of directors, applicable management, and the District School Board of Pasco County, and is not intended to be, and should not be used by anyone other than these specified parties.



Prida Guida Perez P.A.
Tampa, Florida
September 29, 2023