

CAPSTONE ACADEMY PENSACOLA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

DURST JORDAN, CPA, PA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Capstone Adaptive Learning and Therapy Centers, Inc.
Capstone Academy Pensacola
Pensacola, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Capstone Academy Pensacola (Program of Capstone Adaptive Learning and Therapy Centers, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization'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 financial position of Capstone Academy Pensacola as of June 30, 2024, and the changes in its net assets and its cash flows 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capstone Academy Pensacola 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 opinion.

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, and for the design, 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 Capstone Academy Pensacola'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 shortly thereafter.

Auditor's 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 auditor's report that includes our opinion. 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 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, 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 Capstone Academy Pensacola'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 Capstone Academy Pensacola'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 that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2024, on our consideration of Capstone Academy Pensacola'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 Capstone Academy Pensacola'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 Capstone Academy Pensacola's internal control over financial reporting and compliance.



Pace, FL
August 12, 2024

Capstone Academy Pensacola
Statement of Financial Position
As of June 30, 2024

ASSETS

Current Assets

| | |
|----------------------|----------------|
| Cash | \$ 103,854 |
| Accounts receivable | 10,850 |
| Total current assets | <u>114,704</u> |

Property and Equipment

| | |
|--|----------------|
| Leasehold improvements, less accumulated amortization of \$122,085 | 66,899 |
| Furniture, fixtures, and equipment, less accumulated depreciation of \$50,551 | 40,714 |
| Total property and equipment | <u>107,613</u> |

| | |
|---------------------|--------------------------|
| Total Assets | <u><u>\$ 222,317</u></u> |
|---------------------|--------------------------|

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|------------------------------|---------------|
| Accrued compensated absences | \$ 16,119 |
| Accounts payable | 1,606 |
| Prepaid income | 2,200 |
| Total Liabilities | <u>19,925</u> |

Net Assets

| | |
|---------------------------------------|----------------|
| Net assets without donor restrictions | 195,392 |
| Net assets with donor restrictions | 7,000 |
| Total Net Assets | <u>202,392</u> |

| | |
|---|--------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 222,317</u></u> |
|---|--------------------------|

The accompanying notes are an integral part of these financial statements.

Capstone Academy Pensacola
Statement of Activities
For the year ended June 30, 2024

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|-------------------|
| Revenues | | | |
| Florida Education Finance Program | \$ - | \$ 428,755 | \$ 428,755 |
| School district capital outlays funds | - | 16,604 | 16,604 |
| Therapy income | 136,957 | - | 136,957 |
| Capstone support | 32,266 | - | 32,266 |
| In-kind contributions | 36,388 | - | 36,388 |
| Summer school camp | 5,000 | - | 5,000 |
| Contributions | 3,284 | 123,843 | 127,127 |
| Interest income | 344 | - | 344 |
| Net assets released from restrictions | 569,202 | (569,202) | - |
| Total Revenues | <u>783,441</u> | <u>-</u> | <u>783,441</u> |
| Expenditures | | | |
| Instruction | 507,765 | - | 507,765 |
| General administration | 22,074 | - | 22,074 |
| School administration | 111,375 | - | 111,375 |
| Fiscal services | 6,601 | - | 6,601 |
| Food services | 394 | - | 394 |
| Central services | 844 | - | 844 |
| Student transportation services | 3,829 | - | 3,829 |
| Operation of plant | 37,980 | - | 37,980 |
| Maintenance of plant | 890 | - | 890 |
| Depreciation and amortization | 20,083 | - | 20,083 |
| Total Expenditures | <u>711,835</u> | <u>-</u> | <u>711,835</u> |
| Change in Net Assets | 71,606 | - | 71,606 |
| Net Assets - Beginning of Year | <u>123,786</u> | <u>7,000</u> | <u>130,786</u> |
| Net Assets - End of Year | <u>\$ 195,392</u> | <u>\$ 7,000</u> | <u>\$ 202,392</u> |

The accompanying notes are an integral part of these financial statements.

Capstone Academy Pensacola
Statement of Cash Flows
For the year ended June 30, 2024

| | |
|---|------------|
| Cash Flows from Operating Activities | |
| Change in net assets | \$ 71,606 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| Depreciation and amortization | 20,083 |
| Changes in: | |
| Accounts receivable | 3,675 |
| Accrued compensated absences | (162) |
| Accounts payable | 1,605 |
| Due to Capstone Adaptive LTC | 133,410 |
| Prepaid income | 2,200 |
| Net cash from operating activities | 232,417 |
| Cash Flows from Investing Activities | |
| Purchases of property and equipment | (35,665) |
| Net cash from investing activities | (35,665) |
| Cash Flows from Financing Activities | |
| Payments to Capstone Adaptive LTC | (358,893) |
| Net cash from financing activities | (358,893) |
| Net Change in Cash | (162,141) |
| Cash - Beginning of Year | 265,995 |
| Cash - End of Year | \$ 103,854 |

The accompanying notes are an integral part of these financial statements.

Capstone Academy Pensacola
Notes to the Financial Statements
For the year ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

Capstone Academy was organized on August 27, 2004, by Capstone Adaptive Learning and Therapy Centers, Inc., (Capstone) formerly known as United Cerebral Palsy of Northwest Florida, Inc., a nonprofit corporation, to serve as a charter school for three- to five-year-old children with, or in danger of, developmental delay, pursuant to a charter school contract with The School Board of Escambia County, Florida (the “District”), which is effective through June 30, 2032.

B. Basis of Presentation and Presentation

The accompanying special purpose financial statements of Capstone Academy Pensacola (the “School”) are prepared pursuant to the rules of the Florida Auditor General and are a program of Capstone Adaptive Learning and Therapy Centers, Inc. The land, building, and substantially all of the operating equipment acquired by Capstone for the School is not included in the accompanying financial statements. The School is considered a component unit of the District.

The School reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset categories are as follows:

Net assets without donor restrictions – The part of net assets of a not-for-profit that is not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Board-designated net assets may be earmarked for future programs, investments, contingencies, purchases or construction of fixed assets, or other uses.

Net assets with donor restrictions – The part of net assets of a not-for-profit that is subject to donor-imposed restrictions. Some donors impose restrictions that are temporary in nature or purpose restricted. Other donors impose restrictions that are perpetual in nature that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. Purpose restricted net assets are deemed to be restricted for the donor-specified purpose by explicit donor stipulation. Once appropriated, purpose restricted assets are released to net assets without donor restrictions.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. Carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

D. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. No allowance for doubtful account has been established as management expects to collect all accounts owed to the School.

Capstone Academy Pensacola
Notes to the Financial Statements
For the year ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated market value on the date of contribution. Expenditures which equal or exceed \$2,500 and materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred. Certain equipment was acquired with public funds and shall revert to the Board upon termination of the charter. Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

| | |
|-------------------------|--------------|
| Leasehold improvements | 5 – 40 years |
| Furniture and equipment | 3 – 20 years |

Long-lived assets held and used by the School are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If facts and circumstances indicate the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed. As of June 30, 2024, none of the School’s long-lived assets were considered materially impaired.

F. Compensated Absences

Under the School’s paid time off (PTO) policy, the maximum PTO that can be accrued for full-time employees is 40 days or 320 hours.

G. Public Support

Public support revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered.

H. Contributions

Contributions are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

I. Income Taxes

Capstone is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capstone Academy Pensacola
Notes to the Financial Statements
For the year ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Subsequent Events

The School has evaluated events and transactions that occurred between June 30, 2024, and August 12, 2024, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2024:

| | |
|------------------------------------|-------------------|
| Leasehold improvements | \$ 188,984 |
| Furniture, fixtures, and equipment | 91,265 |
| Total property and equipment | <u>280,249</u> |
| Less: accumulated depreciation | (50,551) |
| Less: accumulated amortization | <u>(122,085)</u> |
| Property and equipment, net | <u>\$ 107,613</u> |
| | |
| Depreciation and amortization | \$ 20,083 |

NOTE 3 – ACCRUED COMPENSATED ABSENCES

The School's policy is that if an employee leaves the organization with proper notification, they could be paid out up to 320 hours of accrued paid time off (PTO.) PTO is accrued based on the employee's accrual rate and the amount PTO hours used during the year. The balance of accrued compensated absences was \$16,119 on June 30, 2024.

NOTE 4 – DONOR RESTRICTIONS

During the year ended June 30, 2022, the School received a \$7,000 contribution restricted for a sensory garden. This contribution has not yet been spent.

Capstone Academy Pensacola
Notes to the Financial Statements
For the year ended June 30, 2024

NOTE 5 – FLORIDA EDUCATION FINANCE PROGRAM

Revenues for current operations are received primarily from the Escambia County School District (the “District”) pursuant to the funding provisions included in the School’s charter. In accordance with funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of fulltime equivalent students and related data to the Florida Department of Education (the “Department”) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the Department under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent survey periods. The District receives a 5% administrative fee from the School and is calculated on the unweighted full-time equivalent students. For the year ended June 30, 2024, administrative fees paid to the District included in the statements of activities under general administration expenses totaled \$17,274.

NOTE 6 – IN-KIND CONTRIBUTIONS

The School received contributions of non-financial assets (in-kind contributions), recognized as revenue in the accompanying Statement of Activities, of the following nature:

| Description | Revenue Recognized | Utilization | Valuation |
|--------------------------------|-----------------------|---------------------------|--|
| In-kind lease | \$ 31,200 | Instruction | Valued at donor’s estimated fair market value |
| In-kind management services | 4,800 | General administration | Valued at donor’s estimated fair market value |
| | \$ 36,000 | | |

For the year ending June 30, 2024, there were no donor restrictions on in-kind contributions.

NOTE 7 – RELATED-PARTY TRANSACTIONS

The School is managed and operated by Capstone Adaptive Learning and Therapy Centers, Inc., a nonprofit organization originally organized in 1953. The mission of Capstone Adaptive Learning and Therapy Centers, Inc., (Capstone) is advancing the independence for children and adults with a spectrum of abilities and disabilities.

Capstone’s financial reporting year end is September 30. The School is reported as a program of Capstone.

Capstone provides support to the School by sponsoring special events and receiving contributions and designating the proceeds for the School. For the year ended June 30, 2024, support from Capstone totaled \$32,266.

Capstone Academy Pensacola
Notes to the Financial Statements
For the year ended June 30, 2024

NOTE 7 – RELATED-PARTY TRANSACTIONS (CONTINUED)

Capstone owns the land and building and leases them to the School. The lease agreement is on a year-to-year basis. In the current year, the School recorded in-kind lease expense at a monthly cost of \$2,600. See **Note 6**. For the year ended June 30, 2024, total lease expense for the facilities included in the statement of activities under instruction expenditures totaled \$31,200.

Even though the lease is a short-term, in-kind lease in future years, the School’s intention is to remain in their current location as long as possible. Therefore, leasehold improvements are amortized based on the life of the assets.

Capstone further provides in-kind management services to the School under an agreement which provides for a monthly fee of \$400. For the year ended June 30, 2024, fees for the management services included in the statement of activities under general administration expenditures totaled \$4,800. See **Note 6**.

NOTE 8 – RETIREMENT PLAN

School personnel participate in a retirement plan established by Capstone. Capstone offers a 401K plan with a 100% matching contribution up to the first 3% of compensation, and 50% for that portion of compensation over the 3% up to 5%. Participants in the 401K are 100% vested immediately. The expense recorded for the year ended June 30, 2024, was \$7,264.

NOTE 9 – NATURAL CLASSIFICATION OF EXPENDITURES

Expenditures by natural expense classification for the period ended June 30, 2024, are as follows:

| | |
|---------------------------------------|-------------------|
| Administrative fee to School District | \$ 17,274 |
| Audit fees | 5,950 |
| Depreciation and amortization | 20,083 |
| Facilities expense | 31,200 |
| Management fee | 4,800 |
| Other | 3,600 |
| Repairs and maintenance | 7,878 |
| Salaries and related costs | 570,101 |
| Supplies | 19,179 |
| Transportation costs | 1,805 |
| Utilities and telephone | 29,965 |
| | <u>\$ 711,835</u> |

Capstone Academy Pensacola
Notes to the Financial Statements
For the year ended June 30, 2024

NOTE 10 – AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the School’s financial assets reduced by amounts not available for general expenditures within one year:

| | |
|---|--------------------------|
| Financial assets: | |
| Cash | \$ 103,854 |
| Accounts receivable | <u>10,850</u> |
| Total | \$ 114,704 |
| Less those unavailable for general expenditure within one year, due to: | |
| Net assets with donor restrictions | <u>(7,000)</u> |
| Financial assets available to meet cash needs | <u><u>\$ 107,704</u></u> |

The School has a policy to manage its liquidity following three guiding principles: operating within a prudent range of financial stability; maintaining adequate liquidity to fund near-term operations; and maintaining sufficient resources to provide reasonable assurance that long-term operations will be maintained.



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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*

To the Board of Directors
Capstone Adaptive Learning and Therapy Centers, Inc.
Capstone Academy Pensacola
Pensacola, 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 Capstone Academy Pensacola (Program of Capstone Adaptive Learning and Therapy Centers, Inc.) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 12, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capstone Academy Pensacola'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Capstone Academy Pensacola's internal control. Accordingly, we do not express an opinion on the effectiveness of Capstone Academy Pensacola'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 a 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 a 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capstone Academy Pensacola'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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Durst Jordan CPA, PA". The signature is written in a cursive style.

Durst Jordan, CPA, PA

August 12, 2024



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MANAGEMENT LETTER

To the Board of Directors of
Capstone Adaptive Learning and Therapy Centers, Inc.
Capstone Academy Pensacola
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of Capstone Academy Pensacola (Program of Capstone Adaptive Learning and Therapy Centers, Inc.) (a nonprofit organization) as of and for the year ended June 30, 2024 and have issued our report thereon dated August 12, 2024.

Auditor's 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 *Governmental 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 12, 2024, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 are Capstone Academy Pensacola, 2121.

Financial Condition and Management

Sections 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 Capstone Academy Pensacola has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s)

met. In connection with our audit, we determined that Capstone Academy Pensacola did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Capstone Academy Pensacola. It is management's responsibility to monitor Capstone Academy Pensacola'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 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 Capstone Academy Pensacola maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Capstone Academy Pensacola maintained on its Web site 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 have 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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the Escambia County School District, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "D. Mustarden CPA, PA". The signature is written in a cursive, flowing style.

Pace, FL
August 12, 2024