
GLADES ACADEMY, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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CERTIFIED PUBLIC ACCOUNTANT

GLADES ACADEMY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Glades Academy, Inc.
Pahokee, Florida

Opinion

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Glades Academy, Inc. ("the Academy") (a nonprofit organization) a component unit of the School District of Palm Beach County as of and for the year ended June 30, 2024 which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy 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 Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Glades Academy, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Glades Academy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 and *Government Auditing Standards*, I:

- 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 Glades Academy, Inc.'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 Glades Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 10, 2024

GLADES ACADEMY, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Our discussion and analysis of the Glades Academy, Inc.’s (“the Academy”) financial program provides an overview of the Academy’s financial activities for the year ended June 30, 2024.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Academy’s financial statements, which begin on page 7.

For financial statement purposes the Academy is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. The Academy has included separate statements for the Governmental Fund (General Fund) Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities report provide information on the activities of the Academy. The Fund Financial Statements reflect financing activities of the Academy by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The Academy’s daily enrollment for fiscal year ended June 30, 2024, was 254 students. This was approximately the same as budgeted. The Academy expects to have an enrollment of 255 students for the academic year 2024-2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy’s financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when earned or incurred.

The Statement of Net Position presents information on all of the Academy’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

**GLADES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the Academy's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$1,734,503 at June 30, 2024.

NET ASSETS

	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>
Current and Other Assets	\$ 3,201,085	\$ 1,823,396
Capital Assets	77,629	109,620
Total Assets	\$ 3,278,714	\$ 1,933,016
Accrued Salaries	88,237	90,619
Accounts Payable	33,878	31,864
Other Liabilities	1,422,096	771,501
Total Liabilities	\$ 1,544,211	\$ 893,984
Investment in Capital Assets	\$ 77,629	\$ 109,620
Restricted	887,499	538,067
Unrestricted	741,805	391,345
	\$ 1,734,503	\$ 1,039,032

Revenues from governmental activities totaled \$4,153,936 for the year ended June 30, 2024. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 52.6% of total revenue.

GLADES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/24</u>	<u>% of Total</u> <u>6/30/24</u>	<u>6/30/23</u>	<u>% of Total</u> <u>6/30/23</u>
State Sources	\$ 3,367,502	78.9	\$ 2,383,916	73.9
Local Sources	113,008	2.6	427,614	13.3
Federal Sources	786,434	18.5	414,333	12.8
Total	\$ 4,267,444	100.0	\$ 3,225,863	100.0

Federal revenue sources are Title I and IDEA Grants. Increases in levels of expenses for major functions of the Academy are shown in the following table:

<u>Expense</u>	<u>6/30/24</u>	<u>% of Total</u> <u>6/30/24</u>	<u>6/30/23</u>	<u>% of Total</u> <u>6/30/23</u>
Instruction	\$ 1,763,290	49.5	\$ 1,661,403	50.0
Instructional Support Services	86,640	2.4	31,745	1.0
Board Services	160	-	7,946	0.2
General Administration	186,165	4.1	93,612	2.8
School Administration	549,699	16.6	686,992	20.7
Facilities Acquisition	55,170	1.5	30,000	0.9
Fiscal Services	88,697	2.5	80,072	2.4
Food Services	55,413	1.6	34,947	1.1
Central Services	-	-	3,045	0.1
Pupil Transportation	234,802	6.6	211,012	6.4
Operation of Plant	407,477	11.4	309,271	9.3
Maintenance of Plant	74,144	2.1	98,768	3.0
Administrative Technology Services	33,726	0.9	40,300	1.2
Depreciation	31,990	0.9	31,990	1.0
Total	\$ 3,569,373	100.0	\$ 3,321,103	100.0

BUDGETARY HIGHLIGHTS

Revenue from Federal and State Sources was less than budget by approximately \$495,000 because the Academy did not receive \$431,000 in Special Revenue Funds budgeted.

Total expenditures were approximately \$538,000 less than budgeted, primarily because expenses for special revenue were included in the budget, but \$495,000 was not received. Facilities acquisition was budgeted for \$145,000 but only \$55,170 was expended.

Total fund balance of the General Fund at June 30, 2024 was \$1,656,874.

GLADES ACADEMY, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024

CAPITAL ASSETS

The Academy’s investment in capital assets at June 30, 2024 was \$77,629 (net of Depreciation). The investment includes leasehold improvements and furniture and fixtures and equipment. The following is a summary of capital assets balances at June 30, 2024:

Leasehold Improvements	\$ 6,536
Furniture and Fixtures & Equipment	87,691
Motor Vehicles	299,805
	<u>394,032</u>
Less Accumulated Depreciation	316,403
	<u><u>\$ 77,629</u></u>

PROSPECTS FOR THE FUTURE

The Academy continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Administration believes that the Academy will achieve a higher rating from the Department of Education.
- The Academy should achieve its budgeted amount of 255 students for the 2024-2025 academic year.
- The Administration believes that the Academy will continue to be successful and contribute to the educational requirements of Western Palm Beach County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academy. Requests for additional information should be addressed to Linda Barnes, Administrative Assistant, 7368 State Road 15, Bldg. E, Pahokee, Florida 33476.

GLADES ACADEMY, INC.
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2024

	General Fund	Special Revenue	Capital Outlay	Total
ASSETS				
Cash	\$1,779,107			\$1,779,107
Grant Receivable		788,533	107,462	895,995
Other assets				0
Due from Other Funds	8,348		516,635	524,983
Deposits	1,000			1,000
Total Assets	<u>\$1,788,455</u>	<u>\$788,533</u>	<u>\$624,097</u>	<u>\$3,201,085</u>
LIABILITIES				
Accrued Salaries	88,237			88,237
Accounts Payable	33,878			33,878
Other Liabilities	380,330			380,330
Due to Other funds	516,635	525,131		1,041,766
Total Liabilities	<u>1,019,080</u>	<u>525,131</u>		<u>1,544,211</u>
FUND BALANCE				
Nonspendable	1,000			1,000
Restricted		263,402	624,097	887,499
Unassigned	768,375			768,375
	<u>769,375</u>	<u>263,402</u>	<u>624,097</u>	<u>1,656,874</u>
Total Liabilities and Fund Balance	<u>\$1,788,455</u>	<u>\$263,402</u>	<u>\$624,097</u>	<u>\$3,201,085</u>

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
STATEMENT OF NET POSITION
June 30, 2024

	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
ASSETS				
Cash and Cash Equivalents	1110	1,779,107		1,779,107
Accounts Receivable, Net	1130	895,995		895,995
Restricted Assets:				
Other current assets	1150	-		-
Deposits	1210	1,000		1,000
Due from Other Funds	1140	524,983		524,983
Deferred Charges:				
Capital Assets:				
Buildings	1320	6,536		6,536
Less Accumulated Depreciation	1329	(4,513)		(4,513)
Furniture, Fixtures and equipment	1340	87,691		87,691
Less Accumulated Depreciation	1349	(81,311)		(81,311)
Motor Vehicles	1350	299,805		299,805
Less Accumulated Depreciation	1359	(230,579)		(230,579)
Computer Software	1382			
Less Accumulated Depreciation	1389			
Total Assets		3,278,714		3,278,714
LIABILITIES				
Salaries and Wages Payable	2110	88,237		88,237
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	33,878		33,878
Other Liabilities	2130	1,422,096		1,422,096
Noncurrent Liabilities:				
Portion Due Within One Year:				
Bonds Payable	2320			
Total Liabilities		1,544,211		1,544,211
NET POSITION				
Invested in Capital Assets, Net of Related Debt		77,629		77,629
Restricted For:				
Categorical Carryover Programs	2710	1,000		1,000
Restricted	2750	887,499		887,499
Unrestricted		768,375		768,375
Total Net Position		1,734,503		1,734,503

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2024

Fund Balance- Governmental Funds	\$	1,656,874
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$	394,032
Less accumulated depreciation		<u>(316,403)</u>
		<u>77,629</u>
Net Position of Governmental activities	<u>\$</u>	<u>1,734,503</u>

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances
Year Ended June 30, 2024

	<u>Governmental Funds</u>	<u>Special Revenue</u>	<u>Capital Outlay</u>	<u>Total</u>
EXPENSES				
Instruction	\$ 1,314,958	\$ 450,429		\$ 1,765,387
Instructional Support Services	81,942	4,698		86,640
Board Services	160			160
General Administration	144,884	41,281		186,165
School Administration	549,699			549,699
Facilities Acquisition			55,170	55,170
Fiscal Services	88,697			88,697
Food Services	55,413			55,413
Central Services				-
Pupil Transportation	234,802			234,802
Operation of Plant	380,754	28,723		409,477
Maintenance of Plant	66,648		7,496	74,144
Administrative Technology Services	33,726			33,726
TOTAL EXPENSES	<u>2,951,683</u>	<u>525,131</u>	<u>62,666</u>	<u>3,539,480</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	2,183,008			2,183,008
Capital Outlay			214,380	214,380
Total Program Revenues	<u>2,183,008</u>	<u>-</u>	<u>214,380</u>	<u>2,397,388</u>
GENERAL REVENUES:				
Other Federal Sources		788,533		788,533
Other State Sources	968,015			968,015
Other Local Sources	113,008			113,008
Total General Revenues	<u>1,081,023</u>	<u>788,533</u>		<u>1,869,556</u>
Excess of Revenues Over Expenses	312,348	263,402	151,714	727,464
Transfers in				
Fund Balance, Beginning of Year	<u>457,029</u>		<u>472,383</u>	<u>929,412</u>
Fund Balance, End of Year	<u>\$ 769,377</u>	<u>\$ 263,402</u>	<u>\$ 624,097</u>	<u>\$ 1,656,876</u>

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
STATEMENT OF ACTIVITIES
June 30, 2024

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction	5000	\$1,763,290		786,434		\$ (976,856)		(976,856)
Pupil Personnel Services	6100	86,640				(86,640)		(86,640)
Board	7100	160				(160)		(160)
General Administration	7200	186,165				(186,165)		(186,165)
School Administration	7300	549,699				(549,699)		(549,699)
Facilities Acquisition and Construction	7400	55,170			214,380	159,210		159,210
Fiscal Services	7500	88,697				(88,697)		(88,697)
Food Services	7600	55,413				(55,413)		(55,413)
Pupil Transportation Services	7800	234,802				(234,802)		(234,802)
Operation of Plant	7900	409,477				(409,477)		(409,477)
Maintenance of Plant	8100	74,144				(74,144)		(74,144)
Administrative technology services	8200	33,726				(33,726)		(33,726)
Unallocated Depreciation Expense *		31,990				(31,990)		(31,990)
Total governmental activities		3,569,373		786,434	214,380	(2,568,559)		(2,568,559)

General Revenues:

Taxes:

Florida Education Finance Program (FEFP)

FEFP credits for more than 250 students

Grants and contributions not restricted to specific programs

Investment earnings

Special items

Total general revenues, special items, and transfers

Change in net position

Net position-beginning

Net position-ending

	2,183,008		2,183,008
	1,081,023		1,081,023
	3,264,031	0	3,264,031
	695,472		695,472
	1,039,032		1,039,032
	\$1,734,503		\$1,734,503

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2024

Net Changes in Fund Balances- Governmental Funds	\$727,464
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

	(31,990)	
Less current year depreciation		(31,990)
Change in Net Position of Governmental Activities		\$695,474

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
Governmental Fund Types
Year Ended June 30, 2024

	Governmental Funds			Special Revenue			Capital Outlay			Original and Final		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:												
Instruction	\$ 1,316,875	\$ 1,314,958	\$ 1,917	\$ 542,429	\$ 450,429	\$ (92,000)				\$ 1,859,304	\$ 1,765,387	\$ 93,917
Instructional Support Services	87,522	81,942	5,580	181,255	4,698	176,557				268,777	86,640	182,137
Board Services	13,053	160	12,893							13,053	160	12,893
General Administration	160,540	144,884	15,656	99,769	41,281	58,488				260,309	186,165	74,144
School Administration	550,723	549,699	1,024	12,951	-					563,674	549,699	13,975
Facilities Acquisition	-	-	-				145,000	55,170	89,830	145,000	55,170	89,830
Fiscal Services	90,913	88,697	2,216					-		90,913	88,697	2,216
Food Services	57,645	55,413	2,232							57,645	55,413	2,232
Central Services	-	-	-	12,000	-	12,000				12,000	-	12,000
Pupil Transportation	235,748	234,802	946	2,800	-	2,800				238,548	234,802	3,746
Operation of Plant	390,916	380,754	10,162		28,723	(28,723)	68,476	-	68,476	459,392	409,477	49,915
Maintenance of Plant	69,878	66,648	3,230					7,496		69,878	74,144	(4,266)
Administrative Technology Services	37,454	33,726	3,728							37,454	33,726	3,728
Community Services	2,000		2,000							2,000	-	2,000
TOTAL EXPENDITURES	3,013,267	2,951,683	59,584	851,204	525,131	129,122	213,476	62,666	158,306	4,077,947	3,539,480	536,467
PROGRAM REVENUES:												
Florida Education Finance Program (FEFP)	2,257,718	2,183,008	(74,710)							2,257,718	2,183,008	(74,710)
Capital Outlay							213,709	214,380	(671)	213,709	214,380	671
	2,257,718	2,183,008	(74,710)				213,709	214,380	(671)	2,471,427	2,397,388	(74,039)
GENERAL REVENUES:												
Other Federal Sources				1,218,403	788,533	(429,870)				1,218,403	788,533	(429,870)
Other State Sources	970,686	968,015	(2,671)							970,686	968,015	(2,671)
Other Local Sources	103,000	113,008	10,008							103,000	113,008	10,008
	1,073,686	1,081,023	7,337	367,199	788,533	421,334	-			2,292,089	1,869,556	(422,533)
Excess of Revenues Over Expenditures	\$ 318,137	312,348	\$ (7,789)	-	263,402.00	-	\$233	151,714	-	\$ 685,569	-	\$ 39,895
Trnsfers												
Fund Balance, beginning of year		457,029						472,383			929,412	
Fund Balance, end of year		<u>\$ 769,377</u>			<u>\$ 263,402.00</u>			<u>\$ 624,097</u>			<u>\$ 1,656,876</u>	

The accompanying notes are an integral part of this statement

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Glades Academy, Inc. (“the Academy”) was established as a nonprofit organization in August 2000 under the laws of the State of Florida and is the reporting entity. On July 25, 2013, the name of the Academy was changed to Glades Academy, Inc.

The Academy operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Palm Beach County, Florida (“the School District”). Under the Contract the Academy provides an education to children from Kindergarten through the eighth grade who reside in Western Palm Beach County in and around the City of Pahokee. For financial statement purposes the Academy is not considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting.

The School District of Palm Beach County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract is effective through June 2032. The Contract requires the School District to provide the Academy’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

The Academy is a tax-exempt organization under 501(C)(3) of the Internal Revenue Code.

The Academy’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Academy are discussed below.

Basic Financial Statements

The Academy’s basic financial statements are the Statements of Net Position Statement of Activities. All the activities of the Academy are classified as governmental type activities. There are no business type activities of the Academy. All the Academy’s governmental type activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Academy’s net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debts service, and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the Academy’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (Cont'd.)

Capital grants. Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Fund Financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

General Fund – is the school's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Capital Outlay Fund – accounts for funds used to upgrade, acquire or improve capital assets

Basis of Accounting

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

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the Academy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus (Cont'd.)

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the Academy to concentrations of credit risk include cash. While the Academy attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The Academy has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Academy measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability on the principal or most advantageous market in a orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services and Facilities

The Academy does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the Academy's program services.

Budgetary Basis of Accounting

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

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	20 Years
Furniture, Fixtures and Equipment	5-10 Years
Computer Equipment	5 Years

Program Revenue

Revenues for operations are received primarily from the School District of Palm Beach County pursuant to the funding provisions included in the School’s Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds.

General Revenue

These revenue funds include federal grants, state revenue other than Florida Education Finance Program revenue and local source revenue including capital improvement and fundraising.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was a nonspendable fund balance at year end.

- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was a restricted fund balance at year end.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Academy’s highest level of decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the Academy’s Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The Academy’s policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The Board of Directors can deviate from this policy if it is in the best interest of the Academy.

Adoption of FASB ASC 842

Effective July 1, 2022, the Academy adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Academy elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Academy to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net position in the period of adoption.

The Academy elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Academy also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

See Note 4 – Commitments and Contingencies for a discussion of the impact of implementing FASB ASC 842, *Leases*.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 were as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Leasehold Improvements	\$ 6,536	\$ -	\$ -	\$ 6,536
Furniture & Fixtures and Equipment	87,691	-	-	87,691
Motor Vehicles	299,805	-	-	299,805
	394,032	-	-	394,032
Less Accumulated Depreciation	284,413	31,990	-	316,403
NET CAPITAL ASSETS	\$ 109,619	\$ (31,990)	\$ -	\$ 77,629

Depreciation expense of \$31,990 was unallocated during the year ended June 30, 2024.

NOTE 3 – RETIREMENT PLAN

The Academy has a Non-Contributory Defined Contribution Pension Plan covering all employees who meet certain eligibility requirements. As a result of the transfer of the payroll and human resources function to an employee leasing company, the employees' pension contributions are to be made on a calendar year basis going forward. Under the Plan the Academy contributes 3% of an eligible employee's salary. There were no contributions to the Plan for the year ended June 30, 2023.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The implementation of FASB ASC 842, *Leases* did not have a material effect on the financial statements for the year ended June 30, 2024.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Academy is run by a Board of Directors, all of whom are required to submit annual financial disclosures to the State of Florida. The Chairperson has a family relationship with one of the other Directors. The Board Members are volunteers and are not compensated by the Academy.

There are no other related party transactions between the Board Members or entities related to the Board Members.

GLADES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management

The Academy is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Academy purchases commercial insurance for all material risks of loss to which the Academy is exposed, including general liability, property, auto, and workers compensation.

The Academy receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the Academy and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the Academy. A review of the last thirteen years reveals that settled claims have not exceeded insurance coverage.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 10, 2024. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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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 Members of Glades Academy, Inc.
Pahokee, Florida

I have audited the financial statements of Glades Academy, Inc., (“the Academy”) (a nonprofit organization) as of and for the year ended June 30, 2024, and have issued my report thereon dated September 10, 2024. I conducted my audit in accordance with 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Academy’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Academy’s internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**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)***

To the Board Members of Glades Academy, Inc.
Pahokee, Florida
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 10, 2024

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board Members of Glades Academy, Inc.
Pahokee, Florida

Report on the Financial Statements

I have audited the financial statements of Glades Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2024, and have issued my report thereon dated September 10, 2024.

Auditor's Responsibility

I conducted my 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 Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I 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 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. The official title of the entity is Glades Academy, Inc.

**MANAGEMENT LETTER
(Continued)**

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not Glades Academy, Inc. 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 my audit, I determined that Glades Academy, Inc. 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, I applied financial condition assessment procedures for Glades Academy, Inc. It is management's responsibility to monitor Glades Academy, Inc.'s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Academy's financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether Glades Academy, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that Glades Academy, Inc. did maintain on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address 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 my audit, I did not have any such findings.

Purpose of this Letter

My 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 Palm Beach County School District and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.
Palm Beach Gardens, Florida
September 10, 2024

