



**Pineapple Cove Classical Academy
at West Melbourne, Inc.**

FINANCIAL STATEMENTS

June 30, 2024



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REPORT





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, 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 Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School"), a charter school and component unit of the District School Board of Brevard County, Florida as of, and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School'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 School as of June 30, 2024, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the School 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 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 the School'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 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 *Government 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 the School'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 the School'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 32 through 33 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 the School's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL
September 26, 2024



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Pineapple Cove Classical Academy at West Melbourne, Inc. Management's Discussion and Analysis

The corporate officers of Pineapple Cove Classical Academy at West Melbourne, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

1. The net position of the Charter School at June 30, 2024 was a deficit of \$(2,675,540).
2. At year-end, the School had current assets on hand of \$1,521,640.
3. The net position of the School decreased by \$(214,239) during the year.
4. The unassigned fund balance at year end was \$844,094.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

Pineapple Cove Classical Academy at West Melbourne, Inc. Management's Discussion and Analysis

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Notes to 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 15 - 31 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was a deficit of \$(2,728,635) at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 is as follows:

<i>June 30,</i>	2024	2023
Assets		
Cash	\$ 469,412	\$ 266,934
Cash, restricted	12,869	27,234
Prepaid expenses and other assets	7,871	7,891
Due from other agencies	428,001	445,688
Due from related schools	603,487	588,099
Capital and right-of-use assets, net	19,956,693	20,270,135
Total assets	21,478,333	21,605,981
Liabilities		
Accounts payable and accrued liabilities	393,365	288,358
Accrued interest	63,524	64,057
Lease liabilities	145,292	43,405
Bond payable	23,551,692	23,671,462
Total liabilities	24,153,873	24,067,282
Net position (deficit)		
Net investment in capital assets	(3,740,291)	(3,426,643)
Restricted	12,869	27,234
Unrestricted	1,051,882	938,108
Total net position (deficit)	\$ (2,675,540)	\$ (2,461,301)

Pineapple Cove Classical Academy at West Melbourne, Inc. Management's Discussion and Analysis

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and June 30, 2023 is as follows:

<i>For the years ended June 30,</i>	2024	2023
Revenues		
Program revenues		
Federal sources	\$ 867,121	\$ 690,108
Capital grants and contributions	2,283,070	1,206,499
Lunch program	418,367	326,968
Charges for services	582,634	453,617
General revenues		
Local sources (FTE and other non-specific)	6,345,514	5,971,078
Other revenue	35,861	113,880
Total revenues	10,532,567	8,762,150
Expenses		
Instruction	4,630,984	3,745,485
Student support services	302,027	279,803
Instruction related technology	89,903	144,447
Board	687,582	484,067
School administration	963,032	761,356
Fiscal services	16,000	-
Food services	530,741	505,712
Operation of plant	1,424,421	1,222,350
Community services	441,720	399,963
Debt service	1,660,396	1,676,327
Total expenses	10,746,806	9,219,510
Change in net position (deficit)	(214,239)	(457,360)
Net position (deficit) at beginning of year	(2,461,301)	(2,003,941)
Net position (deficit) at end of year	\$ (2,675,540)	\$ (2,461,301)

The School's revenues and expenses increased by \$1,770,417 and \$1,527,296, respectively. The School had a decrease in its net position (deficit) of \$(214,239) for the year.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Pineapple Cove Classical Academy at West Melbourne, Inc. Management's Discussion and Analysis

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$798,870. The fund balance unassigned and available for spending at the School's discretion is \$790,999. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets and right of use lease assets as of June 30, 2024 amounts to \$19,956,693 (net of accumulated depreciation and amortization). This investment in capital assets includes land, building, improvements, furniture, fixtures and equipment and right of use lease assets includes computer and copier equipment. As of June 30, 2024, the School had long-term liabilities of \$23,696,984 associated to its capital assets and right-of-use assets.

Activity for the year ended June 30, 2024 follows:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024
Land, buildings and equipment	\$ 22,322,938	\$ 199,114	\$ -	\$ 22,522,052
Right-of-use assets	168,573	184,221	(81,799)	270,995
Subtotal	22,491,511	383,335	(81,799)	22,793,047
Accumulated depreciation	(2,078,177)	(648,649)	-	(2,726,826)
Accumulated amortization	(143,199)	(48,128)	81,799	(109,528)
Subtotal	(2,221,376)	(696,777)	81,799	(2,836,354)
Capital assets, net	\$ 20,270,135	\$ (313,442)	\$ -	\$ 19,956,693

Long-term Debt

Activity for the year ended June 30, 2024 follows:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024
Bonds payable, net	\$ 23,671,462	\$ -	\$ (119,770)	\$ 23,551,692
Operating lease liabilities	43,405	174,619	(72,732)	145,292
Long-term debt	\$ 23,714,867	\$ 174,619	\$ (192,502)	\$ 23,696,984

**Pineapple Cove Classical Academy at West Melbourne, Inc.
Management's Discussion and Analysis**

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds.

<i>For the year ended June 30, 2024</i>	Governmental Funds		
	Original Budget	Final Budget	Actual
Revenues			
State passed through local	\$ 6,906,374	\$ 6,488,846	\$ 6,488,846
State capital outlay funding	452,025	473,790	473,790
Local capital improvement revenue	987,828	875,607	875,607
Local sources	635,220	809,440	809,440
Federal sources	1,506,996	838,605	838,605
Charges for services	629,476	1,010,421	1,010,421
Other revenues	185,000	35,858	35,858
Total revenues	11,302,919	10,532,567	10,532,567
Current expenditures			
Instruction	4,571,745	4,548,188	4,548,188
Student support services	445,889	302,027	302,027
Instruction related technology	120,540	56,736	56,736
Board	830,189	687,582	687,582
School administration	752,824	962,790	962,790
Fiscal services	16,000	16,000	16,000
Food services	469,269	500,992	500,992
Operation of plant	1,006,647	865,111	865,111
Community services	146,575	432,118	432,118
Debt service	1,733,714	1,852,898	1,852,898
Capital outlay	-	383,335	383,335
Total current expenditures	10,093,392	10,607,777	10,607,777
Excess of revenues over current expenditures	\$ 1,209,527	\$ (75,210)	\$ (75,210)

Requests for Information

This financial report is designed to provide a general overview of the Pineapple Cove Classical Academy at West Melbourne, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Pineapple Cove Classical Academy at West Melbourne, Inc., 3455 Norfolk Parkway, West Melbourne, Florida 32904.



BASIC FINANCIAL STATEMENTS

Pineapple Cove Classical Academy at West Melbourne, Inc.
Statement of Net Position

<i>June 30, 2024</i>	Governmental Activities
Assets	
Current assets	
Cash	\$ 469,412
Cash and cash equivalents, restricted	12,869
Due from other agencies	428,001
Prepaid expenses and other current assets	7,871
Due from related schools	603,487
Total current assets	1,521,640
Capital assets and lease assets, net	
Capital assets, non-depreciable	950,000
Capital assets, depreciable	21,572,052
Less: accumulated depreciation	(2,726,826)
Right-of-use lease asset	270,995
Less: accumulated amortization	(109,528)
Total capital assets and lease assets, net	19,956,693
Total assets	21,478,333
Deferred outflows of resources	-
Liabilities	
Current liabilities	
Salaries and wages payable	273,252
Accounts payable and accrued expenses	120,113
Accrued interest on bonds	63,524
Bond payable, current	278,351
Operating lease liabilities, current	62,488
Total current liabilities	797,728
Non-current liabilities	
Bond payable	23,273,341
Operating lease liabilities	82,804
Total non-current liabilities	23,356,145
Total liabilities	24,153,873
Deferred inflows of resources	-
Net position (deficit)	
Net investment in capital assets	(3,740,291)
Restricted by bonds for:	
Debt service	12,869
Unrestricted	1,051,882
Total net position (deficit)	\$ (2,675,540)

The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Statement of Activities

For the years ended June 30, 2024

Program revenues

Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Net (expense) revenue and changes in net position
Governmental activities:					
Instruction	\$ 4,630,984	-	\$ 894,000	-	\$ (3,736,984)
Student support services	302,027	-	84,973	-	(217,054)
Instruction related technology	89,903	-	62,356	-	(27,547)
Board	687,582	-	-	-	(687,582)
School administration	963,032	-	66,566	-	(896,466)
Fiscal services	16,000	-	-	-	(16,000)
Food services	530,741	418,367	126,713	-	14,339
Operation of plant	1,424,421	-	556,769	1,349,397	481,745
Community services	441,720	582,634	9,417	-	150,331
Debt service	1,660,396	-	-	-	(1,660,396)
Total governmental activities	\$ 10,746,806	\$ 1,001,001	\$ 1,800,794	\$ 1,349,397	(6,595,614)

General revenues

FTE and other nonspecific revenues	6,345,514
Interest and dividends	35,861
Total general revenues	6,381,375

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

	(214,239)
	(2,461,301)
	<u>\$ (2,675,540)</u>

The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Balance Sheet – Governmental Funds

<i>June 30, 2024</i>	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
Assets					
Cash	\$ 469,412	\$ -	\$ -	\$ -	\$ 469,412
Cash and cash equivalents, restricted	8,940	3,929	-	-	12,869
Prepaid expenses and other current assets	7,871	-	-	-	7,871
Due from related schools	603,487	-	-	-	603,487
Due from other agencies	-	-	26,462	188,753	215,215
Due from fund	155,620	59,595	-	-	215,215
Total assets	1,245,330	63,524	26,462	188,753	1,524,069
Deferred outflows of resources					
	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,245,330	\$ 63,524	\$ 26,462	\$ 188,753	\$ 1,524,069
Liabilities					
Salaries and wages payable	\$ 273,252	\$ -	\$ -	\$ -	\$ 273,252
Accounts payable and accrued expenses	120,113	-	-	-	120,113
Accrued interest on bonds	-	63,524	-	-	63,524
Due to fund	-	-	26,462	188,753	215,215
Total liabilities	393,365	63,524	26,462	188,753	672,104
Deferred inflows of resources					
	-	-	-	-	-
Fund balance					
Nonspendable, not in spendable form	7,871	-	-	-	7,871
Unassigned	844,094	-	-	-	844,094
Total fund balance	851,965	-	-	-	851,965
Total liabilities, deferred inflows of resources and fund balance	\$ 1,245,330	\$ 63,524	\$ 26,462	\$ 188,753	\$ 1,524,069

The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position

June 30, 2024

Total fund balance - governmental funds \$ 851,965

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

Depreciable and non-depreciable capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Capital assets, non-depreciable	950,000	
Capital assets, depreciable	21,572,052	
Less: accumulated depreciation	(2,726,826)	
Right-of-use asset	270,995	
Less: accumulated amortization	<u>(109,528)</u>	19,956,693

Receivables in governmental activities that are not considered available to pay current liabilities are not financial resources and therefore are not reported in the governmental funds	<u>212,786</u>
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Long-term liabilities in governmental activities are not due and payable in the	<u>(23,696,984)</u>
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Total net position - governmental funds	<u><u>\$ (2,675,540)</u></u>
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The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Funds

<i>For the year ended June 30, 2024</i>	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
Revenues					
State passed through local	\$ 6,488,846	\$ -	\$ -	\$ -	\$ 6,488,846
State capital outlay funding	-	-	-	473,790	473,790
Local capital improvement revenue	-	-	-	875,607	875,607
Local sources	809,440	-	-	-	809,440
Federal sources	14,633	-	823,972	-	838,605
Charges for services	649,324	-	361,097	-	1,010,421
Other revenues	12,158	23,700	-	-	35,858
Total revenues	7,974,401	23,700	1,185,069	1,349,397	10,532,567
Expenditures					
Current					
Instruction	4,172,511	-	375,677	-	4,548,188
Student support services	226,784	-	75,243	-	302,027
Instruction related technology	24,227	-	32,509	-	56,736
Board	687,582	-	-	-	687,582
School administration	962,790	-	-	-	962,790
Fiscal services	16,000	-	-	-	16,000
Food services	-	-	500,992	-	500,992
Operation of plant	751,764	-	113,347	-	865,111
Community services	432,118	-	-	-	432,118
Capital outlay					
Other capital outlay	184,221	-	-	199,114	383,335
Debt service					
Redemption of principal	-	247,732	-	-	247,732
Interest	-	1,605,166	-	-	1,605,166
Total expenditures	7,457,997	1,852,898	1,097,768	199,114	10,607,777
Excess (deficit) of revenues over expenditures	516,404	(1,829,198)	87,301	1,150,283	(75,210)
Other financing sources (uses)					
Leases	174,619	-	-	-	174,619
Transfers in (out)	(591,614)	1,829,198	(87,301)	(1,150,283)	-
Total other financing sources (uses)	(416,995)	1,829,198	(87,301)	(1,150,283)	174,619
Net change in fund balance	99,409	-	-	-	99,409
Fund balance, beginning of year	752,556	-	-	-	752,556
Fund balance, end of year	\$ 851,965	\$ -	\$ -	\$ -	\$ 851,965

The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the year ended June 30, 2024

Net change in fund balance - governmental funds	\$	99,409
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay	383,335	
Depreciation and amortization expense	<u>(696,777)</u>	(313,442)

Increase in long term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.

Assumption of lease liabilities		(174,619)
Amortization of bond discounts		(73,319)
Principal payments on long-term liabilities		<u>247,732</u>

Change in net position of governmental activities	\$	<u><u>(214,239)</u></u>
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The accompanying notes are an integral part of this financial statement.

Pineapple Cove Classical Academy at West Melbourne, Inc.

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pineapple Cove Classical Academy at West Melbourne, Inc., (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation's Board of Directors, which is comprised of not less than three members. The board has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Brevard County School Board (the "District"). The current charter is effective until June 30, 2027 and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have 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 the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

The School is located in West Melbourne, Florida for students from kindergarten through twelfth grade. These financial statements are for the year ended June 30, 2024, where approximately 797 students were enrolled for the year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

The statement of net position (deficit) reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as American Rescue Plan – Elementary and Secondary School Emergency Relief Program, the National School Lunch Program, and state allocations; and (3) capital grants and contributions specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other local and miscellaneous sources.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues; direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function; other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the governmental fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The School reports the following major governmental funds:

General Fund - the general fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Debt Service Fund - to account for the resources accumulated and payments made for principal and interest on the revenue bonds.

Special Revenue Fund - accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes.

Capital Outlay Fund - in accordance with guidelines established by the State of Florida. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Pineapple Cove Classical Academy at West Melbourne, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with maturities of three months or less at the date of acquisition.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. Investments money market mutual

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments (continued)

Funds mutual funds that have maturities of one year or less from the date of acquisition are reported at amortized cost that is equally equivalent to fair value.

The School's investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. These investments are reported as restricted in the Debt Service Fund in the Balance Sheet - Governmental Funds.

The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, Fair Value Measurement and Application, and other related standards which establish accounting and financial reporting standards for all investments.

Restricted Assets

Restricted assets include cash and cash equivalents that are related to the amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregated for capital projects of the School. The Indenture of Trust requires the establishment of the Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by Trustee.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Building and improvements	10 – 40 years
Furniture, fixtures, and equipment	5 years
Right-of-use asset (computers and copiers)	3 – 5 years
Information technology equipment	5 years

Inter-fund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Long-Term Debt and Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs - Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Debt and Obligations (continued)

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Compensated Absences

The School grants a specific number of paid days off per school year. Full time employees are eligible for ten paid days off. In the event that available time is not used by the end of the benefit year, employees may "rollover" a maximum of five unused days for use in future benefit years. There is no "cash out" value for unused days. There is no termination payment for accumulated unused days.

GASB Codification Section C60, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter

Pineapple Cove Classical Academy at West Melbourne, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (continued)

and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the FTE students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE students reported by the School during the designated FTE student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for the debt service of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are 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. Any excess amounts are recorded as deferred revenues or unearned advances until expended. Other revenues may also be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classification

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) *Restricted net position* - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) *Unrestricted net position* - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Pineapple Cove Classical Academy at West Melbourne, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balance Classification (continued)

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASS requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) *Nonspendable* - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses.
- b) *Restricted* - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted balances at year-end pertain to bond issuance.
- c) *Committed* - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) *Assigned* - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) *Unassigned* - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pineapple Cove Classical Academy at West Melbourne, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Lease contracts that provide the School with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Recently Issued and Implemented Accounting Pronouncements

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset --an intangible asset --and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The School did not identify any significant SBITAs that would require implementation of this standard.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 101, *Compensating Absences*. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

GASB has issued GASB Statement No. 102, *Certain Risk Disclosures*. This statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are

Pineapple Cove Classical Academy at West Melbourne, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective (continued)

effective for fiscal years beginning after June 15, 2024. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

GASB has issued GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 26, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: CASH AND RESTRICTED CASH

Deposits

Cash is made of deposits and cash on hand totaling \$469,412. The School has identified itself as a public entity. Therefore, the School's deposit must be placed with a financial institution designation by the Treasurer of the State of Florida as a "qualified public depository", as defined in Chapter 280, Florida Statutes. As of June 30, 2024, no amount of the School's cash balances held were exposed to custodial credit risk.

Restricted Cash

The School held restricted cash in the amount of \$12,869 that was reported as a cash equivalent for financial statement reporting purposes. The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated money market mutual funds. The fund is rated Aaa-mf by Moody's.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 2: CASH AND RESTRICTED CASH (Continued)

Credit Risk (continued)

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2024, all of the School's investments in money market mutual funds were held in a separate account by the bond trustee and designated as assets of the School.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to money market mutual funds that can be redeemed daily.

Note 3: CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2024:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024
Capital assets, non-depreciable				
Land	\$ 950,000	\$ -	\$ -	\$ 950,000
Capital assets, depreciable				
Building and equipment	20,648,083	-	-	20,648,083
Improvements	143,548	-	-	143,548
Furniture, fixtures and equipment	339,956	171,730	-	511,686
Information technology equipment	241,351	27,384	-	268,735
Total capital assets	22,322,938	199,114	-	22,522,052
Less accumulated depreciation				
Building and equipment	(1,813,357)	(521,686)	-	(2,335,043)
Improvements	(6,540)	(14,355)	-	(20,895)
Furniture, fixtures and equipment	(103,629)	(77,400)	-	(181,029)
Information technology equipment	(154,651)	(35,208)	-	(189,859)
Total accumulated depreciation	(2,078,177)	(648,649)	-	(2,726,826)
Total capital assets, net	20,244,761	(449,535)	-	19,795,226
Lease assets				
Right-of-use lease assets (copiers and laptops)	168,573	184,221	(81,799)	270,995
Less accumulated amortization	(143,199)	(48,128)	81,799	(109,528)
Total lease assets, net	25,374	136,093	-	161,467
Governmental activities capital assets, net	\$ 20,270,135	\$ (313,442)	\$ -	\$ 19,956,693

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 3: CAPITAL ASSETS (Continued)

For the fiscal year ended June 30, 2024, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

<i>For year ended June 30, 2024</i>	Depreciation	Amortization
Instruction	\$ 79,836	\$ -
Instructional technology	33,167	-
Operation of plan	505,655	48,128
Food services	29,749	-
School administration	242	-
Total depreciation and amortization expense	\$ 648,649	\$ 48,128

Note 4: MANAGEMENT AGREEMENT

The School entered into a management agreement, as amended on January 23, 2019, with Classical Education Management, L.L.C. Inc. to operate and manage the School. Effective July 1, 2023, the management fee is based on 10% of the net FEFP receipts payable monthly. Monthly installments are adjusted throughout the year as the Charter School's FEFP are received from the Brevard County School District. The contract recognizes the importance of the employment of a Director of Operations.

The agreement shall be renewed along with any renewals to the charter agreement, unless terminated by either party not less than 180 days prior to the expiration of the Term. During the year ended June 30, 2024, the School incurred \$551,282 in fees related to this agreement.

Note 5: TRANSACTIONS WITH SCHOOL DISTRICT AND OTHER RELATED SCHOOLS

The Schools, Pineapple Cove Classical Academy at West Melbourne, Inc. and Pineapple Cove Classical Academy at Lockmar, Inc. have board members and the Manager in common. As of June 30, 2024, the School has advances due from Pineapple Cove Classical Academy, Inc. of approximately \$123,078 for expenses paid on behalf of the School. In addition, the School, has advances due from Pineapple Cove Classical Academy at Lockmar, Inc. of approximately \$480,409.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee from the qualifying revenues of the School. For the year ended June 30, 2024, administrative fees withheld by the School District totaled \$38,177.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 6: INTERFUND TRANSFERS

Interfund transfers in governmental funds as of June 30, 2024, consist of the following:

<i>For the year ended June 30, 2024</i>	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund
To transfer funds for debt service	\$ (678,915)	\$ 1,829,198	\$ -	\$ (1,150,283)
To fund lunch program expenditures and community service expenditures	87,301	-	(87,301)	-
Total transfers, net	\$ (591,614)	\$ 1,829,198	\$ (87,301)	\$ (1,150,283)

<i>June 30, 2024</i>	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund
Due to general fund from capital projects fund for capital outlay	\$ 188,753	\$ -	\$ -	\$ (188,753)
Due to debt service fund for bond interest	(59,595)	59,595	-	-
Due to general fund from special revenue fund for ESSER grant	26,462	-	(26,462)	-
Total due from (due to)	\$ 155,620	\$ 59,595	\$ (26,462)	\$ (188,753)

Note 7: LONG-TERM LIABILITIES

Bonds Payable

The construction of the School's facility in 2018, was financed by the issuance of Series 2018A and 2018B bonds. Series 2018A totaled \$13,580,000 as an educational facilities revenue bond, maturing June 15, 2052, and carried interest of 6.25%. Series 2018B totaled \$480,000 as a taxable educational facilities revenue bond, maturing June 15, 2024, and carried interest of 7.75%.

The 2018 bond issuance included original issue discount and underwriter's discount totaling \$761,145 and \$156,855 for the Series 2018A and 2018B revenue bonds, respectively, which are not recognized in the fund level statements but are deferred and included in the government-wide statements against the face value of the debt. The bond discounts are amortized over the life of the debt through 2052 and 2024, respectively. Amortization expense of the discounts of \$55,230 was charged against bond discount amortization for the year ended June 30, 2024.

The construction of the School's facility in 2021, was financed by the issuance of Series 2021 A and 2021B bonds. Series 2021A totaled \$6,800,000 as an educational facilities revenue bond, maturing June 15, 2056, and carried interest of 6.00%. Series 2021B totaled \$4,030,000 as an educational facilities revenue bond, maturing June 15, 2056, and carried interest of 6.625%. Series 2021C totaled \$405,000 as a taxable educational facilities revenue bond, maturing June 15, 2027, and carried interest of 7.750%.

As required by the bond resolution, the School has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES (Continued)

Bonds Payable (continued)

The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. In addition, the School is required to maintain certain enrollment and school grades as provided by Florida Department of Education. The minimum debt service coverage ratio is 1.10 to 1 (the "Debt Service Coverage Requirement") as of June 30, 2024. The calculated Debt Service Coverage requirement was greater than the required 1.1 to 1 as of June 30, 2024. The School agrees to have cash on hand at June 30, 2024 and each June 30 thereafter, until the bonds are no longer outstanding in an amount not less than 45 days of the cash on hand calculation. As of June 30, 2024, the calculated days cash on hand was below the 45 days limit at 15.0 days. The School is required to maintain enrollment at or above 736 FTE. As of June 30, 2024, FTE enrollment was 796. Finally, the School must obtain a school grade of "B" or better. For fiscal 2024, the School received a "B" or higher in all categories.

As such, the Trustee may hire a Management Consultant related to the days cash on hand noncompliance. In the event, the School may agree to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. In addition, the School will pay for all reasonable costs associated with such Management Consultant.

In addition, the Management Agreement payments are subordinate to the bond if the payment would cause a failure of the School to satisfy the cash on hand requirement or the Debt service coverage ratio.

The School's revenues are pledged under this bond issuance up to the remaining balance as of June 30, 2024. In the event of default, the maturity date can be accelerated and/or the underlying collateral may be subject to foreclosure.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2024, are as follows:

<i>For the years ending June 30,</i>	Principal	Interest	Total
2025	\$ 315,000	\$ 1,545,751	\$ 1,860,751
2026	335,000	1,524,188	1,859,188
2027	360,000	1,501,226	1,861,226
2028	365,000	1,476,551	1,841,551
2029	390,000	1,453,775	1,843,775
2030-2034	2,350,000	6,871,720	9,221,720
2035-2039	3,180,000	6,041,469	9,221,469
2040-2044	4,295,000	4,918,345	9,213,345
2045-2049	5,825,000	3,398,046	9,223,046
2050-2054	5,755,000	1,403,494	7,158,494
2055-2056	1,495,000	141,331	1,636,331
Less: unamortized bond discount	(1,113,308)	-	(1,113,308)
Total	\$ 23,551,692	\$ 30,275,896	\$ 53,827,588

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES (Continued)

The following is a summary of changes in long-term liabilities:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024	Due in one year
<i>Revenue Bonds:</i>					
Series 2018A	\$ 13,470,000	\$ -	\$ (40,000)	\$ 13,430,000	\$ 190,000
Series 2018B	135,000	-	(135,000)	-	-
Series 2021A	6,800,000	-	-	6,800,000	-
Series 2021B	4,030,000	-	-	4,030,000	-
Series 2021C	405,000	-	-	405,000	125,000
<i>Total revenue bonds</i>	24,840,000	-	(175,000)	24,665,000	315,000
<i>Unamortized bond discount:</i>					
Series 2018A	(641,882)	-	21,747	(620,135)	(21,747)
Series 2018B	(19,974)	-	18,581	(1,393)	-
Series 2021A	(318,138)	-	9,357	(308,781)	(9,357)
Series 2021B	(188,544)	-	5,545	(182,999)	(5,545)
<i>Total unamortized bond discount</i>	(1,168,538)	-	55,230	(1,113,308)	(36,649)
Total long-term debt	\$ 23,671,462	\$ -	\$ (119,770)	\$ 23,551,692	\$ 278,351

Lease Liabilities

The School held or entered into leases for various computer equipment and copiers for use in classrooms. The leases are noncancellable, with terms ranging from thirty-three to sixty-three months. The leases have nonrenewal clauses and computers and copiers revert to the lessor at the end of the lease. The interest rates on the leases ranged from 1.635% to 9.761% which were used to discount the annual lease payments to recognize the intangible right to use asset and lease liabilities upon adoption of GASB 87. For the year ended June 30, 2024, interest expense related to the leases totaled \$9,591.

Annual requirements to amortize the lease liability and related interest are as follows:

Years	Principal	Interest	Total
2025	\$ 62,488	\$ 6,046	\$ 68,534
2026	53,142	13,819	66,961
2027	17,279	5,367	22,646
2028	12,383	251	12,634
	\$ 145,292	\$ 25,483	\$ 170,775

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 7: LONG-TERM LIABILITIES (Continued)

Lease Liabilities (continued)

Changes in long term lease liabilities during the year are as follows:

	Balance, July 1, 2023	Additions	Deletions	Balance, June 30, 2024	Due in one year
Copiers	\$ 23,751	\$ 61,381	\$ (18,461)	\$ 66,671	\$ 19,436
Laptops	19,654	50,925	(31,986)	38,593	18,492
Playground	-	62,313	(22,285)	40,028	24,560
Total long-term debt	\$ 43,405	\$ 174,619	\$ (72,732)	\$ 145,292	\$ 62,488

Note 8: CONTINGENCIES AND CONCENTRATIONS

The School receives substantially all of its funding from the State through the District under the FEFP, which is based in part on a computation of the number of FTE students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits.

It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 9: RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with Paychex Business Solutions, LLC, a human resource management firm, typically known as "Professional Employer Organization" (PEO). Under a co-employment agreement, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resource management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Financial Statements

Note 10: DEFINED CONTRIBUTION RETIREMENT PLAN

The School's personnel, which are leased through Paychex Business Solutions, LLC, are eligible to participate in a defined contribution 401 (k) sponsored by leasing company, covering employees who meet certain age and tenure requirements. Under the Paychex Retirement Services Plan (the "Plan"), the School matches 100% of the employee's contribution up to 3% of the employee's compensation. The School contributed to the Plan \$103,753 for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Mid-Atlantic Trust Company.



REQUIRED SUPPLEMENTARY INFORMATION

Pineapple Cove Classical Academy at West Melbourne, Inc.
Budgetary Comparison Schedule – General Fund

<i>For the year ended June 30, 2024</i>	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
State passed through local	\$ 6,906,375	\$ 6,488,846	\$ 6,488,846	\$ -
Federal sources	-	14,633	14,633	-
Local sources	825,960	809,440	809,440	-
Charges for services	283,876	649,324	649,324	-
Other revenues	185,000	12,158	12,158	-
Total revenues	8,201,211	7,974,401	7,974,401	-
Expenditures				
Current				
Instruction	3,804,399	4,172,511	4,172,511	-
Student support services	278,734	226,784	226,784	-
Instruction related technology	120,540	24,227	24,227	-
Board	830,189	687,582	687,582	-
School administration	703,824	962,790	962,790	-
Fiscal services	16,000	16,000	16,000	-
Operation of plant	699,903	751,764	751,764	-
Community services	146,575	432,118	432,118	-
Capital outlay	-	184,221	184,221	-
Total current expenditures	6,600,164	7,457,997	7,457,997	-
Excess of revenues over current expenditures	1,601,047	516,404	516,404	-
Other financing sources (uses)				
Leases	-	174,619	174,619	-
Transfers in (out)	(397,634)	(591,614)	(591,614)	-
Total other financing sources (uses)	(397,634)	(416,995)	(416,995)	-
Net change in fund balance	1,203,413	99,409	99,409	-
Fund balance at beginning of year	752,556	752,556	752,556	-
Fund balance at end of year	\$ 1,955,969	\$ 851,965	\$ 851,965	\$ -

See Independent Auditor's Report.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Budgetary Comparison Schedule – Special Revenue Fund

<i>For the year ended June 30, 2024</i>	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Federal sources	\$ 1,506,996	\$ 823,972	\$ 823,972	\$ -
Charges for services	345,600	361,097	361,097	-
Total revenues	1,852,596	1,185,069	1,185,069	-
Expenditures				
Current				
Instruction	767,346	375,677	375,677	-
Student support services	167,155	75,243	75,243	-
Instruction related technology	-	32,509	32,509	-
School administration	49,000	-	-	-
Food services	469,269	500,992	500,992	-
Operation of plant	306,744	113,347	113,347	-
Total current expenditures	1,759,514	1,097,768	1,097,768	-
Excess of revenues over current expenditures	93,082	87,301	87,301	-
Other financing sources (uses)				-
Transfers in (out)	(86,967)	(87,301)	(87,301)	-
Net change in fund balance	6,115	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 6,115	\$ -	\$ -	\$ -

See Independent Auditor's Report.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal Agency Pass-Through Entity Cluster Title/Program Title	Assistance Listing	Contract/ Grant Number	Expenditures	Noncash Assistance	Funds Provided to Subrecipients
FEDERAL					
U.S. DEPARTMENT OF EDUCATION					
Passed through Florida Department of Education/Brevard Public School District					
COVID-19 - Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	N/A	\$ 697,258	\$ -	-
Passed through Florida Department of Education/Brevard Public School District					
Special Education Cluster (IDEA) - Special Education Grants to States	84.027	N/A	14,633	-	-
U.S. DEPARTMENT OF AGRICULTURE					
Passed through Florida Department of Agriculture and Consumer Services					
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	126,713	-	-
Total expenditures of federal awards			\$ 838,604	\$ -	-

*See independent auditor's report and the notes
to schedule of expenditures of federal awards.*

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal, state government and other pass-through entities. The School has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule.

Note 2: INDIRECT COST

The School has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal, or local state agency and the Schedule may differ. Some of the factors that may account for any potential difference include the following:

- The School's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Capital asset purchases and the resulting depreciation charges are recognized as fixed assets in the School's financial statements and as an expenditure in the program financial reports.

Note 4: BASIS OF ACCOUNTING

The Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting as expenditures for capital assets are expensed when incurred rather than capitalized and depreciated over their useful lives.

Pineapple Cove Classical Academy at West Melbourne, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Note 5: CONTINGENCIES

Grant monies received and disbursed by the School are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the School does not believe that such disallowance, if any, would have a material effect on the financial position of the School. As of June 30, 2024, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 6: NONCASH ASSISTANCE

The School did not receive any noncash assistance during the fiscal year ended June 30, 2024.

Note 7: FEDERALLY FUNDED INSURANCE

The School did not receive federally funded insurance during the fiscal year ended June 30, 2024.

Note 8: FEDERALLY FUNDED LOANS

The School has no federally funded loans as of June 30, 2024. No funds were expended in the form of loan or loan guarantees during the fiscal year ended June 30, 2024.



OTHER REPORTS

**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
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, 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 Pineapple Cove Classical Academy at West Melbourne, Inc. (the "School") as of, and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying management letter as item ML-2024-01.

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 26, 2024.

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.

Carly Riggs & Ingram, L.L.C.

Tallahassee, Florida
September 26, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pineapple Cove Classical Academy at West Melbourne, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Pineapple Cove Classical Academy at West Melbourne, Inc.'s major federal program for the year ended June 30, 2024. Pineapple Cove Classical Academy at West Melbourne, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pineapple Cove Classical Academy at West Melbourne, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pineapple Cove Classical Academy at West Melbourne, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program and major state project. Our audit does not provide a legal determination of Pineapple Cove Classical Academy at West Melbourne, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Pineapple Cove Classical Academy at West Melbourne, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pineapple Cove Classical Academy at West Melbourne, Inc.'s compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pineapple Cove Classical Academy at West Melbourne, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Pineapple Cove Classical Academy at West Melbourne, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pineapple Cove Classical Academy at West Melbourne, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pineapple Cove Classical Academy at West Melbourne, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
September 26, 2024

**Pineapple Cove Classical Academy at West Melbourne, Inc.
Schedule of Findings and Questioned Costs
Year ended June 30, 2024**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 1. Type of auditor’s report issued on compliance for major program | Unmodified |
| 2. Internal control over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |

4. Identification of major programs:

<u>ALN</u> 84.425U	<u>Federal Program</u> COVID-19 - Education Stabilization Fund - American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)
-----------------------	--

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B projects: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No |

Pineapple Cove Classical Academy at West Melbourne, Inc.
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS

None noted.

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.



**MANAGEMENT LETTER AND
INTERNAL CONTROL RECOMMENDATIONS**

Management Letter as Required by Section 218.39(4) Florida Statutes

To the Board of Directors of
Pineapple Cove Classical Academy at West Melbourne, Inc.
West Melbourne, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pineapple Cove Classical Academy at West Melbourne, Inc., West Melbourne, Florida, as of and for the year ended June 30, 2024 and have issued our report thereon dated September 26, 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 *Government Auditing Standards* issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance); 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*, Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated September 26, 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 recommendation made in the preceding financial audit report, except for the following:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-2023 FY Finding No.	2021-22 FY Finding No.
ML-2024-01	ML-2023-01	None reported.

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 school code assigned by the Florida Department of Education of the entity is Pineapple Cove Classical Academy at West Melbourne, Inc., 05-6543.

Management Letter as Required by Section 218.39(4) Florida Statutes

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 Pineapple Cove Classical Academy at West Melbourne, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Pineapple Cove Classical Academy at West Melbourne, 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, we applied financial condition assessment procedures for Pineapple Cove Classical Academy at West Melbourne, Inc. It is management's responsibility to monitor Pineapple Cove Classical Academy at West Melbourne, 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 same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we have the recommendations which are described in the accompanying appendix to the management letter as item ML-2024-01.

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 Pineapple Cove Classical Academy at West Melbourne, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Pineapple Cove Classical Academy at West Melbourne, Inc. 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 do not have any such recommendations.

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, the District School Board of Brevard County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

Tallahassee, Florida
September 26, 2024

**Appendix to Management Letter
Current Year’s Observations, Recommendations, and
Management’s Responses
June 30, 2024**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

BOND COVENANT NONCOMPLIANCE – 2024-01

CRITERIA: The School's Revenue Bonds, include covenants for debt service coverage ratio (DSCR) and days cash on hand (DCOH) as described in the Loan Agreement. The School agrees to have cash on hand at June 30, 2024 and each June 30 thereafter, until the bonds are no longer outstanding in an amount not less than 45 days of the cash on hand calculation.

CONDITION: As of June 30, 2024, the calculated days cash on hand was below the 45-day limit at 15.0 days.

CAUSE: The condition results from management not monitoring the covenant calculation throughout the fiscal year.

EFFECT: Further noncompliance with the covenant may have an adverse effect on the School's financial position.

RECOMMENDATION: We recommend management and the Board include cash flow projections in the annual budget to meet the covenant requirements and obtain clarification from the bondholder regarding the correct calculation for the Days Cash on Hand covenant.

VIEWS OF RESPONSIBLE OFFICIALS: The School has and does monitor the DCOH and DSCR calculations. The calculation in March of 2024 was 1.1 to 1.0 and 135-days cash on hand, representing a significant excess in the requirement, using a calculation method we have used since the school's inception to determine cash on hand, which excluded interest from operating expenses in the calculation. The calculation presented in this audit does include interest from operating expenses. Additionally, the school had the following receivables come in after June 30, 2024 that were expended in fiscal year 2024:

ESSER	\$50,954
Sales Surtax	149,818
<u>Capital Outlay</u>	<u>38,935</u>
<u>Total</u>	<u>\$238,707</u>

Finally, the School is still awaiting ERTC tax credits. The original filing was approximately \$212,000 and the Taxpayer Advocacy Services engaged to monitor the credit estimates interest charges due will bring the total to over \$300,000.