

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF
PINELLAS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2022



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academie Da Vinci Charter School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- During 2022, the School's expenses exceeded revenues by \$234,859, which was a decrease from the prior year when revenues exceeded expenses by \$235,185.
- Overall, revenues increased by approximately \$87,000, which was a 3% increase from the prior year.
- Overall, expenses increased by approximately \$557,000, which was a 19% increase from the prior year.
- Total assets were \$5,814,990 and total liabilities were \$4,612,574, resulting in net position of \$1,202,416 as of June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
 - The *fiduciary fund* financial statements provide information about the financial activities in which the School serves only as the custodian for assets that belong to others, such as student activities funds.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Fund
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

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

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has two types of funds:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Fiduciary Funds – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2022 and 2021 is summarized as follows – see table below:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Current and other assets	\$ 873,141	\$ 677,291	29%
Capital assets, net	4,941,849	4,998,895	-1%
Total assets	<u>5,814,990</u>	<u>5,676,186</u>	<u>2%</u>
Current and other liabilities	158,275	38,632	310%
Long-term liabilities	4,454,299	4,200,279	6%
Total liabilities	<u>4,612,574</u>	<u>4,238,911</u>	<u>9%</u>
Net position:			
Net investment in capital assets	487,550	798,616	-39%
Restricted	222,566	122,566	82%
Unrestricted	492,300	516,093	-5%
Total net position	<u>\$ 1,202,416</u>	<u>\$ 1,437,275</u>	<u>-16%</u>

Current and other assets of the School and restricted net position increased due to proceeds from the bond refunding, which will be used to fund capital projects. Current and other liabilities changed due to the timing of payments at year-end. Net investment in capital assets changed due to the decrease in capital assets, net and current year payments on related debt.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Change in Net Position

The School's total revenues increased by 3% to \$3,195,962, and the total cost of all programs and services increased by 19% to \$3,430,821 – see table below.

	Governmental Activities		Increase (Decrease)
	2022	2021	
Revenues:			
Federal sources passed through local school district	\$ 251,280	\$ 138,935	81%
State and local sources	2,826,481	2,810,092	1%
Contributions and other revenue	118,201	159,700	-26%
Total revenues	<u>3,195,962</u>	<u>3,108,727</u>	<u>3%</u>
Expenses:			
Instruction	2,101,447	1,768,332	19%
Student support	3,448	39,161	-91%
Instructional staff training	3,598	-	100%
Board	24,337	24,337	0%
General administration	35,366	35,216	0%
School administration	360,882	355,188	2%
Fiscal services	34,846	24,280	44%
Food services	4,800	3,840	25%
Operation and maintenance of plant	283,482	285,821	-1%
Administrative technology services	40,943	44,822	-9%
Community services	25,985	13,462	93%
Interest	261,277	279,083	-6%
Debt issuance costs	250,410	-	100%
Total expenses	<u>3,430,821</u>	<u>2,873,542</u>	<u>19%</u>
Change in net position	<u>\$ (234,859)</u>	<u>\$ 235,185</u>	<u>-200%</u>

Federal sources increased due to an increase in CARES Act-related grants received in response to the coronavirus pandemic. Contributions and other revenue changed due to the decreases in donations to cover the cost of a school pavilion. Instruction increased due to increases in staffing, salaries and expenses related to the CARES Act-related grants in the current year. Community services increased due to an increase in support staffing and salaries. Debt issuance costs in the current year are related to the bond issuance and loan prepayment fees which were financed with the new bond proceeds.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$714,866. Both revenues and expenditures changed overall for the same reasons described above.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

General Fund Budgetary Highlights

Over the course of the year, the School revised its budget several times to account for the changes in student enrollment and resulting increases in appropriations.

For 2022, actual general fund revenues were approximately \$39,000 above the final budget, which represents a 1% budget variance. Actual general fund expenditures were approximately \$223,000 above the final budget, which represents an 8% budget variance. The variance was primarily due to additional debt issuance costs incurred in the current year due to the debt refunding.

Special Revenue Fund Budgetary Highlights

For 2022, actual special revenue fund revenues and expenditures were not significantly different from the budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2022 amounts to \$4,941,849 (net of accumulated depreciation). See table below:

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>
Land	\$ 1,333,454	\$ 1,333,454	0%
Construction in progress	116,930	32,821	256%
Buildings and improvements	3,893,240	3,893,240	0%
Furniture, fixtures and equipment	500,746	530,286	-6%
Less accumulated depreciation	<u>(902,521)</u>	<u>(790,906)</u>	<u>-14%</u>
Total capital assets, net	<u>\$ 4,941,849</u>	<u>\$ 4,998,895</u>	<u>-1%</u>

This year's major capital asset additions include the following:

- Construction in progress – pavilion – \$84,109
- Computers, laptops and projectors – \$26,879
- Security cameras – \$5,606
- Fence gate – \$2,988

This year's major capital asset disposals include the following:

- Computers, laptops and projectors – \$66,761

More detailed information about the School's capital assets is presented in Note 5 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-term Debt

As of June 30, 2022, the School had \$4,454,299 in long-term debt outstanding. This year's addition to long-term debt were bonds in the amount of \$4,433,100, which were used to refund the notes payable related to the facilities and to finance the construction of other improvements. Scheduled payments reduced the amount outstanding in the current year. More detailed information about the School's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2023:

- Projected increase in student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$2,708,000, a decrease of 2% from the final 2022 amount of \$2,767,488. Budgeted expenditures are expected to be approximately \$2,930,000, a decrease of 1% from the final 2022 amount of \$2,947,789. The School has added no major new programs to the fiscal 2023 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to decrease by the close of fiscal 2023.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1060 Keene Road, Dunedin, Florida 34698.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors of Academie Da Vinci Charter School, Inc., a Charter School
and Component Unit of the District School Board of Pinellas County, Florida

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. (the "School"), a charter school and component unit of the District School Board of Pinellas County, Florida, as of and for the year ended June 30, 2022, 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, each major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. as of June 30, 2022, and the respective changes in financial position thereof 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 on pages 1 – 7 and the budgetary comparison information on pages 31 – 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 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 and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BKHM, P.A.

Orlando, Florida
September 23, 2022

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 794,226
Accounts receivable	30,282
Other assets	48,633
Capital assets, net	4,941,849
Total assets	\$ 5,814,990
LIABILITIES	
Accounts payable and accrued expenses	\$ 158,275
Long-term liabilities:	
Due within one year	151,786
Due in more than one year	4,302,513
Total liabilities	4,612,574
NET POSITION	
Net investment in capital assets	487,550
Restricted for capital outlay	222,566
Unrestricted	492,300
Total net position	1,202,416
Total liabilities and net position	\$ 5,814,990

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 2,101,447	\$ -	\$ 182,694	\$ -	\$ (1,918,753)	\$ (1,918,753)
Student support	3,448	-	3,445	-	(3)	(3)
Instructional staff training	3,598	-	3,000	-	(598)	(598)
Board	24,337	-	-	-	(24,337)	(24,337)
General administration	35,366	-	-	-	(35,366)	(35,366)
School administration	360,882	-	10,122	-	(350,760)	(350,760)
Fiscal services	34,846	-	-	-	(34,846)	(34,846)
Food services	4,800	-	-	-	(4,800)	(4,800)
Operation and maintenance of plant	283,482	-	17,567	-	(265,915)	(265,915)
Administrative technology services	40,943	-	34,452	-	(6,491)	(6,491)
Community services	25,985	115,230	-	-	89,245	89,245
Interest	261,277	-	-	-	(261,277)	(261,277)
Debt issuance costs	250,410	-	-	-	(250,410)	(250,410)
Total primary government	<u>\$ 3,430,821</u>	<u>\$ 115,230</u>	<u>\$ 251,280</u>	<u>\$ -</u>	<u>(3,064,311)</u>	<u>(3,064,311)</u>
General revenues:						
State and local sources					2,826,481	2,826,481
Contributions and other revenue					2,971	2,971
Total general revenues					<u>2,829,452</u>	<u>2,829,452</u>
Change in net position					(234,859)	(234,859)
Net position at beginning of year					<u>1,437,275</u>	<u>1,437,275</u>
Net position at end of year					<u>\$ 1,202,416</u>	<u>\$ 1,202,416</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 587,298	\$ -	\$ 206,928	\$ 794,226
Accounts receivable	5,193	9,451	15,638	30,282
Other assets	48,633	-	-	48,633
Due from special revenue fund	9,451	-	-	9,451
Total assets	<u>\$ 650,575</u>	<u>\$ 9,451</u>	<u>\$ 222,566</u>	<u>\$ 882,592</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 158,275	\$ -	\$ -	\$ 158,275
Due to general fund	-	9,451	-	9,451
Total liabilities	<u>158,275</u>	<u>9,451</u>	<u>-</u>	<u>167,726</u>
FUND BALANCES				
Nonspendable:				
Other assets	48,633	-	-	48,633
Restricted for:				
Capital outlay	-	-	222,566	222,566
Unassigned	443,667	-	-	443,667
Total fund balances	<u>492,300</u>	<u>-</u>	<u>222,566</u>	<u>714,866</u>
Total liabilities and fund balances	<u>\$ 650,575</u>	<u>\$ 9,451</u>	<u>\$ 222,566</u>	<u>\$ 882,592</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

Total fund balances - total governmental funds \$ 714,866

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$5,844,370 and the accumulated depreciation is \$902,521. 4,941,849

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:

Lease liability	(21,199)
Bonds payable	<u>(4,433,100)</u>

Total net position - governmental activities \$ 1,202,416

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ 251,280	\$ -	\$ 251,280
State and local sources	2,648,031	-	178,450	2,826,481
Contributions and other revenue	119,457	-	-	119,457
Total revenues	<u>2,767,488</u>	<u>251,280</u>	<u>178,450</u>	<u>3,197,218</u>
EXPENDITURES				
Current:				
Instruction	1,791,745	182,694	-	1,974,439
Student support	3	3,445	-	3,448
Instructional staff training	598	3,000	-	3,598
Board	24,337	-	-	24,337
General administration	35,366	-	-	35,366
School administration	322,783	10,122	-	332,905
Facilities acquisition and construction	84,109	-	-	84,109
Fiscal services	34,846	-	-	34,846
Food services	4,800	-	-	4,800
Operation and maintenance of plant	243,780	17,567	-	261,347
Administrative technology services	6,491	34,452	-	40,943
Community services	25,985	-	-	25,985
Debt service:				
Principal	2,488	-	-	2,488
Interest	82,827	-	178,450	261,277
Debt issuance costs	250,410	-	-	250,410
Other capital outlay	37,221	-	-	37,221
Total expenditures	<u>2,947,789</u>	<u>251,280</u>	<u>178,450</u>	<u>3,377,519</u>
Excess of revenues over expenditures	<u>(180,301)</u>	<u>-</u>	<u>-</u>	<u>(180,301)</u>
OTHER FINANCING SOURCES AND USES				
Proceeds from refunding bonds payable	4,333,100	-	100,000	4,433,100
Payments on refunded note payable	<u>(4,176,592)</u>	<u>-</u>	<u>-</u>	<u>(4,176,592)</u>
Total other financing sources	<u>156,508</u>	<u>-</u>	<u>100,000</u>	<u>256,508</u>
Net change in fund balances	(23,793)	-	100,000	76,207
Fund balances at beginning of year	<u>516,093</u>	<u>-</u>	<u>122,566</u>	<u>638,659</u>
Fund balances at end of year	<u>\$ 492,300</u>	<u>\$ -</u>	<u>\$ 222,566</u>	<u>\$ 714,866</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balances - total governmental funds	\$	76,207
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$177,120) exceeds capital outlays (\$121,330) in the current period.		(55,790)
The loss on the disposal of capital assets is reported in the statement of activities, whereas nothing is reported in the governmental funds as there were no proceeds.		(1,256)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds (\$4,433,100) exceeded repayments (\$4,176,592) in the current period.		(256,508)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		2,488
Change in net position of governmental activities	\$	(234,859)

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 36,995
Total assets	<u>\$ 36,995</u>
LIABILITIES	
Due to others	\$ 927
Total liabilities	<u>927</u>
NET POSITION	
Restricted for:	
Student activities	<u>36,068</u>
Total liabilities and net position	<u>\$ 36,995</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Collections for student activities	\$ 91,427
Total additions	91,427
DEDUCTIONS	
Payments for student activities	78,157
Total deductions	78,157
Change in net position	13,270
Net position at beginning of year	22,798
Net position at end of year	\$ 36,068

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Academie Da Vinci Charter School, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of ten members.

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 District School Board of Pinellas County, Florida (the "School Board"). The current charter is effective until June 30, 2025 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay and local capital improvement funds.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

For purposes of these statements, the general, special revenue and capital projects funds are considered major funds. There are no other governmental funds.

Fiduciary Fund:

Custodial Fund – The School is the custodian, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of June 30, 2022, the School had deposits in a financial institution with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$294,000. The School has not historically experienced losses on its cash and cash equivalents.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Receivables

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. Allowances are reported when management estimates that accounts may be uncollectible.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	5 - 39
Furniture, fixtures and equipment	3 - 10

Information relative to changes in capital assets is described in Note 5.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 7.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to the Principal to assign funds up to the amount of \$3,000. There are no minimum fund balance requirements for any of the School's funds.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the 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 full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 2% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Subsequent Events

The School has evaluated subsequent events through September 23, 2022, the date these financial statements were available to be issued.

Recently Adopted Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The School adopted the standard on July 1, 2021 on a prospective basis. There was no material effect on the School's beginning net position and fund balance.

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$30,282 in amounts primarily due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

3 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2022:

	Interfund Receivables	Interfund Payables
General fund	\$ 9,451	\$ -
Special revenue fund	-	9,451
Total interfund	\$ 9,451	\$ 9,451

The amount payable by the special revenue fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

4 OTHER ASSETS

Other assets consist of the following as of June 30, 2022:

Prepaid expenses	\$	45,220
Deposits		3,413
Total other assets	\$	48,633

5 CHANGES IN CAPITAL ASSETS

Capital asset activity during 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,333,454	\$ -	\$ -	\$ 1,333,454
Construction in progress	32,821	84,109	-	116,930
Total capital assets not being depreciated	1,366,275	84,109	-	1,450,384
Capital assets being depreciated:				
Buildings and improvements	3,893,240	-	-	3,893,240
Furniture, fixtures and equipment	530,286	37,221	(66,761)	500,746
Total capital assets being depreciated	4,423,526	37,221	(66,761)	4,393,986
Less accumulated depreciation for:				
Buildings and improvements	(480,273)	(108,269)	-	(588,542)
Furniture, fixtures and equipment	(310,633)	(68,851)	65,505	(313,979)
Total accumulated depreciation	(790,906)	(177,120)	65,505	(902,521)
Capital assets being depreciated, net	3,632,620	(139,899)	(1,256)	3,491,465
Governmental activities capital assets, net	\$ 4,998,895	\$ (55,790)	\$ (1,256)	\$ 4,941,849

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 127,008
School administration	27,977
Operation and maintenance of plant	<u>22,135</u>
Total governmental activities depreciation expense	<u>\$ 177,120</u>

6 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectibility of any related receivable as of June 30, 2022 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Employee Benefit Plan

The School sponsors the Academie Da Vinci Charter School, Inc. 403(b) Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. Substantially all employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes a 3% matching contribution for all eligible employees that contribute a minimum of \$25 per month to the Plan as authorized by the Board of Directors. The School's contributions during fiscal year 2022 totaled \$39,222, of which \$31,607 is included in instruction, \$6,851 is included in school administration and \$764 is included in operation and maintenance of plant in the accompanying financial statements.

7 LONG-TERM LIABILITIES

Long-term liabilities activity during 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Lease liability	\$ 23,687	\$ -	\$ (2,488)	\$ 21,199	\$ 3,386
Bonds payable	-	4,433,100	-	4,433,100	148,400
Notes payable	4,176,592	-	(4,176,592)	-	-
Governmental activities, long-term liabilities	<u>\$ 4,200,279</u>	<u>\$ 4,433,100</u>	<u>\$ (4,179,080)</u>	<u>\$ 4,454,299</u>	<u>\$ 151,786</u>

Lease Liability

The School leases copiers under a lease agreement that requires monthly principal and interest payments of \$796 through April 2026. The discount rate used for this lease is 31%.

Leased assets as of June 30, 2022 consist of the following:

	Governmental Activities
Furniture, fixtures and equipment	\$ 36,417
Less accumulated amortization	(21,702)
	<u>\$ 14,715</u>

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

Future debt service requirements related to the lease liability are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,386	\$ 6,164	\$ 9,550
2024	4,609	4,941	9,550
2025	6,275	3,276	9,551
2026	6,929	1,030	7,959
	<u>\$ 21,199</u>	<u>\$ 15,411</u>	<u>\$ 36,610</u>

Bonds Payable

On May 1, 2022, Pinellas County Educational Facilities Authority (the "Issuer") issued Educational Facilities Revenue and Revenue Refunding Bond, Series 2022A, in the principal amount of \$4,367,000 (the "Series 2022A Bond") and its Taxable Educational Facilities Revenue and Revenue Refunding Bond, Series 2022B, in the principal amount of \$66,100 (the "Series 2022B Bond;" together with the Series 2022A Bond, the "Bonds"). The Bonds were used to (i) refinance the costs of the School's existing notes payable; (ii) finance the acquisition, construction and equipping of improvements to the Borrower's playground and related facilities ("Playground Improvements") and (iii) for the payment of certain costs of issuance of the Bonds.

The Bonds were privately placed with Ameris Bank (the "Lender") and do not constitute a debt, liability or obligation of the Issuer, Pinellas County, Florida or of the State of Florida or of any other political subdivision. The School incurred \$164,994 in issuance fees in connection with this debt. Proceeds from this note are recorded in the general fund.

The Issuer has no obligation for the debt beyond the resources provided by the facilities. The School shall pay directly to the Lender, for the account of the Issuer, on or before the dates required under the Bonds and under the financing agreement. The Series 2022A Bond is subject to an interest rate of 3.89%, and Series 2022B is subject to an interest rate of 4.99%. The bonds were issued at par.

Because of the advance refunding, the School reduced its total debt service requirements by \$867,339, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$761,676.

The financing agreement for the bonds described above contains certain covenants with which the School must comply. As of June 30, 2022, the School was in compliance with all restrictive covenants.

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

Bond debt service requirements to maturity are as follows:

Series 2022A Bond:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 116,200	\$ 168,290	\$ 284,490
2024	121,300	163,212	284,512
2025	161,600	157,777	319,377
2026	168,100	151,376	319,476
2027	174,600	144,723	319,323
2028 - 2302	983,100	713,023	1,696,123
2033 - 2037	1,193,100	403,548	1,596,648
2038 - 2042	1,449,000	147,813	1,596,813
Total	<u>\$ 4,367,000</u>	<u>\$ 2,049,762</u>	<u>\$ 6,416,762</u>

Series 2022B Bond:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 32,200	\$ 2,590	\$ 34,790
2024	33,900	918	34,818
Total	<u>\$ 66,100</u>	<u>\$ 3,508</u>	<u>\$ 69,608</u>

Notes Payable

The School had a promissory note payable to a financial institution. Principal and interest payments of \$31,035 were due monthly at an interest rate of 6.34%. The final principal and interest payment were due in November 2028 in the amount of \$2,757,717. The note was secured by the School's facility and was subject to certain covenants.

The School had a promissory note payable to a financial institution. Principal and interest payments of \$3,946 were due monthly at an interest rate of 6.16%. The note payable had a maturity date of November 2028, was secured by the School's facility and was subject to certain covenants.

In May 2022, in connection with the bonds payable noted above, the notes payable were repaid in full, including all accrued interest. The School incurred a \$85,416 prepayment penalty, which was recorded as debt issuance costs in connection with the bonds payable.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

In connection with the notes payable above, the School had entered into a credit enhancement agreement with Charter Schools Development Corporation who provided \$625,000 in cash to the financial institution as additional security for the School's obligation pursuant to the notes payable. The credit enhancement was to be released annually over a five year period ending in 2023. As of June 30, 2022, the credit enhancement totaled zero, as the notes payable were fully repaid.

8 RESTRICTED NET POSITION AND FUND BALANCE

Restricted net position and fund balance represents amounts that have been collected or are receivable by the School for specific purposes, which are restricted as to the use of such funds. Included in the restricted fund balance is \$222,566 in the capital projects fund as of June 30, 2022. This balance represents the unspent portion of capital outlay funds, which must be used for lawful capital outlay expenditures, including \$100,000 restricted for playground improvements.

9 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Pinellas County, Florida:	
Florida Education Finance Program	\$ 1,552,861
Class size reduction	334,928
Discretionary local effort	253,416
District school tax revenue	189,085
Capital outlay	178,450
Supplemental academic instruction	79,376
ESE guaranteed allocation	69,790
Additional student reserve allocation	34,459
Teacher salary allocation	65,521
Instructional materials	23,313
Safe schools	22,496
Reading allocation	13,774
Teacher lead	8,580
Digital classrooms allocation	432
	<hr/>
Total	<u><u>\$ 2,826,481</u></u>

The administrative fee paid to the School Board during fiscal 2022 totaled \$35,366, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
State and local sources	\$ 2,471,065	\$ 2,609,145	\$ 2,648,031	\$ 38,886
Contributions and other revenue	85,000	119,450	119,457	7
Total revenues	<u>2,556,065</u>	<u>2,728,595</u>	<u>2,767,488</u>	<u>38,893</u>
EXPENDITURES				
Current:				
Instruction	1,648,755	1,815,600	1,791,745	23,855
Student support	39,465	10	3	7
Instructional staff training	-	600	598	2
Board	25,250	24,400	24,337	63
General administration	-	-	35,366	(35,366)
School administration	324,640	332,573	322,783	9,790
Facilities acquisition and construction	-	-	84,109	(84,109)
Fiscal services	25,760	34,860	34,846	14
Food services	4,800	4,800	4,800	-
Operation and maintenance of plant	75,015	125,013	243,780	(118,767)
Administrative technology services	42,000	6,548	6,491	57
Community services	23,810	26,030	25,985	45
Debt service:				
Principal	156,195	127,330	2,488	124,842
Interest	263,575	221,430	82,827	138,603
Debt issuance costs	-	5,210	250,410	(245,200)
Other capital outlay	-	-	37,221	(37,221)
Total expenditures	<u>2,629,265</u>	<u>2,724,404</u>	<u>2,947,789</u>	<u>(223,385)</u>
Excess of revenues over expenditures	<u>(73,200)</u>	<u>4,191</u>	<u>(180,301)</u>	<u>(184,492)</u>
OTHER FINANCING SOURCES AND USES				
Proceeds from refunding bond payable	-	-	4,333,100	4,333,100
Payments on refunded note payable	-	-	(4,176,592)	(4,176,592)
Total other financing sources	<u>-</u>	<u>-</u>	<u>156,508</u>	<u>156,508</u>
Net change in fund balance	<u>(73,200)</u>	<u>4,191</u>	<u>(23,793)</u>	<u>(27,984)</u>
Fund balance at beginning of year	<u>516,093</u>	<u>516,093</u>	<u>516,093</u>	<u>-</u>
Fund balance at end of year	<u>\$ 442,893</u>	<u>\$ 520,284</u>	<u>\$ 492,300</u>	<u>\$ (27,984)</u>

See independent auditor's report.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PINELLAS, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources passed through local school district	\$ 251,270	\$ 251,270	\$ 251,280	\$ 10
Total revenues	<u>251,270</u>	<u>251,270</u>	<u>251,280</u>	<u>10</u>
EXPENDITURES				
Current:				
Instruction	182,695	182,695	182,694	1
Student support	3,445	3,445	3,445	-
Instructional staff training	3,000	3,000	3,000	-
School administration	10,122	10,122	10,122	-
Operation and maintenance of plant	17,567	17,567	17,567	-
Administrative technology services	34,452	34,452	34,452	-
Total expenditures	<u>251,281</u>	<u>251,281</u>	<u>251,280</u>	<u>1</u>
Net changes in fund balance	(11)	(11)	-	11
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ (11)</u>	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ 11</u>

See report of independent auditors.

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 of Academie Da Vinci Charter School, Inc., a Charter School and Component Unit of the District School Board of Pinellas County, 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, each major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. (the "School") as of and for the year ended June 30, 2022, 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 23, 2022.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orlando, Florida
September 23, 2022

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

To the Board of Directors of Academie Da Vinci Charter School, Inc., a Charter School and Component Unit of the District School Board of Pinellas County, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. (the "School"), a charter school and component unit of the District School Board of Pinellas County, Florida, as of and for the year ended June 30, 2022, and have issued our report thereon dated September 23, 2022.

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; and Chapter 10.850, Rules of the Auditor General.

OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 23, 2022, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Academie Da Vinci Charter School, Inc. and the school code assigned by the Florida Department of Education is 7131.

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 the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School 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 the School. It is management's responsibility to monitor the School'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. The financial condition assessment was done as of the fiscal year-end.

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

TRANSPARENCY

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

ADDITIONAL MATTERS

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

PURPOSE OF THIS LETTER

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



Orlando, Florida
September 23, 2022