

ACADEMY AT THE FARM, INC.

A Charter School and Component Unit of the
District School Board of Pasco County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2020

King & Walker, CPAs, PL

Certified Public Accountants

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ACADEMY AT THE FARM, INC.

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Members:
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Independent Auditor's Report

To the Board of Directors Academy at the Farm, Inc., a Charter School
and Component Unit of the District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy at the Farm, Inc. (“School”), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School’s preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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 Academy at the Farm, Inc., as of June 30, 2020, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, 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 historic 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 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 August 21, 2020 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 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 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 School's internal control over financial reporting and compliance.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

August 21, 2020
Tampa, Florida

ACADEMY AT THE FARM, INC.

A Charter School and Component Unit of the District School Board of Pasco County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Academy at the Farm, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2020.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2020, the School's revenues exceeded expenses as shown on the School's statement of activities by \$130,729.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$425,874.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

ACADEMY AT THE FARM, INC.

A Charter School and Component Unit of the District School Board of Pasco County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates three funds: a General Fund, a Debt Service Fund, and a Capital Projects Fund. The School has elected to show each fund as a major fund.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

ACADEMY AT THE FARM, INC.

A Charter School and Component Unit of the District School Board of Pasco County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior net position:

	Net Position, End of Year		
	Governmental Activities		
	6-30-19	6-30-20	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 381,709	\$ 544,560	\$ 162,851
Capital Assets, net	4,667,490	4,618,269	(49,221)
Total Assets	5,049,199	5,162,829	113,630
LIABILITIES			
Current Liabilities	26,494	118,686	92,192
Long-term Liabilities	4,335,263	4,225,972	(109,291)
Total Liabilities	4,361,757	4,344,658	(17,099)
NET POSITION			
Net Investment in Capital Assets	332,227	392,297	60,070
Unrestricted	355,215	425,874	70,659
Total Net Position	\$ 687,442	\$ 818,171	\$ 130,729

Current assets consist mainly of cash and cash equivalents. Capital assets, net, decreased from depreciation. The School's liabilities primarily consist of short-term loans and long-term notes payable.

The School's unrestricted net position increased mainly due to an increase in FTE and fund raising efforts.

The following is a summary of the School's change in net position for the current year and prior year:

	Governmental Activities		
	6-30-19	6-30-20	Increase (Decrease)
Revenues:			
State Sources	\$ 4,388,083	\$ 4,420,230	\$ 32,147
Local and Other	1,054,901	1,124,895	69,994
Total Revenues	5,442,984	5,545,125	102,141
Expenses:			
Instruction	3,045,036	3,190,490	145,454
Pupil Personnel Services	22,382	22,693	311
Instructional Staff Training	-	318	318
Instructional Technology	234,142	215,670	(18,472)
Board	7,000	7,000	-
General Administration	33,554	32,390	(1,164)
School Administration	420,622	406,074	(14,548)
Facilities Acq. & Construction	1,790	-	(1,790)
Fiscal Services	70,765	70,225	(540)
Operation of Plant	321,872	266,639	(55,233)
Maintenance of Plant	144,716	233,358	88,642
Community Service	570,094	486,162	(83,932)
Debt Service - Interest	232,965	239,827	6,862
Unallocated Depreciation	233,583	243,550	9,967
Total Expenses	5,338,521	5,414,396	75,875
Increase/(Decrease) in Net Position	\$ 104,463	\$ 130,729	\$ 26,266

The largest revenue source for the School is the State of Florida (80%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School. State revenue increased over the prior year, as enrollment levels increased and capital outlay funds increased. Local revenue increased due to an increase in donations and fund raising.

The largest concentration of expenses is in Instruction related functions (63%). Expenditures increased primarily due to salary increases and maintenance of plant cost increases.

ACADEMY AT THE FARM, INC.

A Charter School and Component Unit of the District School Board of Pasco County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$425,874.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2020, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund budget several times. For the fiscal year ended June 30, 2020, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$4,618,269 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

DEBT

In August 2015, the School entered into loan agreement in the amount of \$4,050,000 with Florida Capital Bank to consolidate construction loans used to expand and improve the School's facility. The loan is guaranteed by the USDA for 90% of the loan amount and secured by a mortgage on the School's land and improvements.

The School entered into loan agreement with Florida Capital Bank in January 2019 to finance the purchase of land for its educational facility which will serve as collateral for the loan in the amount of \$525,000.

In 2019-20, the School received a Paycheck Protection Program (PPP) Loan under the CARES Act of \$78,930 to be used for payroll costs and health care benefits. This loan is expected to be forgiven or repaid during the 2020-21 fiscal year. In addition, the School received an advance under the SBA Economic Injury Disaster Loan Program of \$10,000 in June 2020.

Additional information regarding the School's long-term and short-term liabilities can be found in the Notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Academy at the Farm, 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, Academy at the Farm, Inc., 9500 Alex Lange Way, Dade City, FL 33525.

ACADEMY AT THE FARM, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 474,469
Accounts Receivable	10,986
Due From Other Agency	29,493
Other Assets	29,612
Capital Assets:	
Land	1,325,978
Buildings, Net	3,185,435
Furniture, Fixtures, and Equipment, Net	106,856
Total Capital Assets, Net	4,618,269
TOTAL ASSETS	5,162,829
LIABILITIES	
Salaries and Wages Payable	967
Accounts Payable	28,789
Loan Payable	88,930
Long-term Liabilities:	
Notes Payable, due within one year	142,787
Notes Payable, due after one year	4,083,185
TOTAL LIABILITIES	4,344,658
NET POSITION	
Net Investment in Capital Assets	392,297
Unrestricted	425,874
TOTAL NET POSITION	\$ 818,171

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

ACADEMY AT THE FARM, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

		Program Revenues				Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 3,190,490	\$ 117,374	\$ -	\$ -		\$ (3,073,116)
Pupil Personnel Services	22,693					(22,693)
Instructional Staff Training	318					(318)
Instructional Technology	215,670					(215,670)
Board	7,000					(7,000)
General Administration	32,390					(32,390)
School Administration	406,074					(406,074)
Fiscal Services	70,225					(70,225)
Operation of Plant	266,639					(266,639)
Maintenance of Plant	233,358					(233,358)
Community Service	486,162	485,415				(747)
Debt Service-Interest	239,827			296,860		57,033
Unallocated Depreciation	243,550					(243,550)
Total Governmental Activities	<u>\$ 5,414,396</u>	<u>\$ 602,789</u>	<u>\$ -</u>	<u>\$ 296,860</u>		<u>(4,514,747)</u>
General Revenues:						
State Sources						4,123,370
Local and Other						522,106
Total General Revenues						<u>4,645,476</u>
Change in Net Position						130,729
Net Position - July 1, 2019						687,442
Net Position - June 30, 2020						<u>\$ 818,171</u>

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

ACADEMY AT THE FARM, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash & Cash Equivalents	\$ 474,469	\$ -	\$ -	\$ 474,469
Accounts Receivable	10,986			10,986
Due From Other Agency	29,493			29,493
Other Assets	29,612			29,612
Total Assets	<u>544,560</u>	<u>-</u>	<u>-</u>	<u>544,560</u>
 LIABILITIES				
Salaries and Wages Payable	967			967
Accounts Payable	28,789			28,789
Loan Payable	88,930			88,930
Total Liabilities	<u>118,686</u>	<u>-</u>	<u>-</u>	<u>118,686</u>
 FUND BALANCES				
Nonspendable	29,612			29,612
Unassigned	396,262			396,262
Total Fund Balances	<u>425,874</u>	<u>-</u>	<u>-</u>	<u>425,874</u>
Total Liabilities and Fund Balances	<u>\$ 544,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,560</u>

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

ACADEMY AT THE FARM, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total Fund Balances - Governmental Funds	\$ 425,874
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental fund.	
Long-term liabilities include:	
Notes Payable	(4,225,972)
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	
	<u>4,618,269</u>
Total Net Position - Governmental Activities	<u><u>\$ 818,171</u></u>

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

ACADEMY AT THE FARM, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

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

For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental:				
State Sources	\$ 4,123,370	\$ -	\$ 296,860	\$ 4,420,230
Local and Other	1,124,895			1,124,895
Total Revenues	<u>5,248,265</u>	<u>-</u>	<u>296,860</u>	<u>5,545,125</u>
Expenditures				
Current - Education:				
Instruction	\$ 3,190,490	\$ -	\$ -	\$ 3,190,490
Pupil Personnel Services	22,693			22,693
Instructional Staff Training	318			318
Instructional Technology	215,670			215,670
Board	7,000			7,000
General Administration	32,390			32,390
School Administration	406,074			406,074
Fiscal Services	70,225			70,225
Operation of Plant	266,639			266,639
Maintenance of Plant	233,358			233,358
Community Service	486,162			486,162
Fixed Capital Outlay:				
Facilities Acquisition & Construction	180,674			180,674
Other	13,655			13,655
Debt Service:				
Principal		109,291		109,291
Interest		239,827		239,827
Total Expenditures	<u>5,125,348</u>	<u>349,118</u>	<u>-</u>	<u>5,474,466</u>
Excess (Deficiency) of Revenues Over	<u>122,917</u>	<u>(349,118)</u>	<u>296,860</u>	<u>70,659</u>
Other Financing Sources (Uses):				
Transfers In/(Out)	<u>(52,258)</u>	<u>349,118</u>	<u>(296,860)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(52,258)</u>	<u>349,118</u>	<u>(296,860)</u>	<u>-</u>
Net Change in Fund Balances	70,659	-	-	70,659
Fund Balances, July 1, 2019	355,215	-	-	355,215
Fund Balances, June 30, 2020	<u>\$ 425,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,874</u>

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

ACADEMY AT THE FARM, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Governmental Funds	\$	70,659
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$243,550) in excess of capital outlays (\$194,329) in the current period.		(49,221)
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Repayment of debt principal (notes payable) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		109,291
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Change in Net Position - Governmental Activities	\$	130,729
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The accompanying notes to the financial statements are an integral part of this statement.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Academy at the Farm, Inc., (“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 Board of Directors, which is comprised of not less than three 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 Pasco County, Florida, (“District”). The current charter is effective until June 30, 2028 and is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this case, the District 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 District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; 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 which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which 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**

Government-wide Financial Statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School considers all of its funds as major governmental funds:

- General Fund: to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Debt Service Fund: to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.
- Capital Projects Fund: to account for all resources for the acquisition of capital and related items purchased by the School with capital outlay funds.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, 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 financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, 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 prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become 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. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. 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

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.

➤ **Deposits and Investments**

Cash deposits consist primarily of demand deposits and certificates of deposit held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company and collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	7-40 years
Furniture, Fixtures and Equipment	3-7 years
Computer Equipment	3-5 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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(s) 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.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

In addition to liabilities, the statement of financial 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(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

➤ **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are 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 and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2020, the School reported 588.56 unweighted and 617.4772 weighted FTE.

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

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

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

- Teacher certificates and other certification documentation (Rule 6A-1.0503,FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state 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 or state 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 receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations, fundraising efforts, and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **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**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, results of its operations and/or cash flows, the specific impact is not

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. DUE FROM OTHER AGENCY

The Due From Other Agency in the accompanying statement of net position and balance sheet – governmental funds represents FEFP funds receivable from the District and moneys awaiting reimbursement from the Internal Revenue Service. These receivables are considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

4. OTHER ASSETS

The School maintains an annual periodic inventory for School merchandise for resale to its students. Items on hand at June 30, 2020 are valued at cost.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,325,978	\$ -	\$ -	\$ 1,325,978
Total Capital Assets Not Being Depreciated	<u>1,325,978</u>	<u>-</u>	<u>-</u>	<u>1,325,978</u>
Capital Assets Being Depreciated:				
Buildings	4,532,254	180,674	-	4,712,928
Furniture, Fixtures and Equipment	296,150	13,655	-	309,805
Total Capital Assets Being Depreciated	<u>4,828,404</u>	<u>194,329</u>	<u>-</u>	<u>5,022,733</u>
Less Accumulated Depreciation for:				
Buildings	(1,315,626)	(211,867)	-	(1,527,493)
Furniture, Fixtures and Equipment	(171,266)	(31,683)	-	(202,949)
Total Accumulated Depreciation	<u>(1,486,892)</u>	<u>(243,550)</u>	<u>-</u>	<u>(1,730,442)</u>
Total Capital Assets Being Depreciated, Net	<u>3,341,512</u>	<u>(49,221)</u>	<u>-</u>	<u>3,292,291</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,667,490</u>	<u>\$ (49,221)</u>	<u>\$ -</u>	<u>\$ 4,618,269</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

6. LOAN PAYABLE

The School was granted a loan from Florida Capital Bank, N.A. in April 2020 in the amount of \$78,930, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. In addition, the School received an advance under the SBA Economic Injury Disaster Loan Program of \$10,000 in June 2020.

The Loan, which was in the form of a Note dated April 27, 2020, matures on April 27, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on December 12, 2020. The Note may be prepaid by the School at any time prior to maturity with no prepayment penalties. If the funds from the Loan and Advance may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School intends to use the entire amount from the Loan and Advance for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan and Advance may be forgiven if they are used for qualifying expenses as described in the CARES Act.

7. LONG-TERM DEBT NOTES PAYABLE

Florida Capital Bank Note Payable – The School entered into loan agreement in the amount of \$4,050,000 with Florida Capital Bank in August 2015 to consolidate construction loans used to expand and improve the School’s facility. The loan is guaranteed by the USDA for 90% of the loan amount and secured by a mortgage on the School’s land and improvements. The loan is an interest only loan for the first year at 4.25%, then the loan bears an interest rate of 5.57% until August 21, 2020. After that date, the loan bears a variable interest rate of 4% above the US Treasury Security Five Year Rate as quoted in the Wall Street Journal for each year of the loan until maturity. The maturity date of the note is August 2042.

In the event of default for non-payment of principal or interest on the loan, the outstanding amounts will become due and payable. The School is required to maintain an annual current ratio and a debt service coverage ratio of 1.01 to 1. At June 30, 2020, the School’s current ratio was 14 to 1 and the debt service coverage ratio was 1.86 to 1.

Florida Capital Bank Promissory Note Payable – The School entered into loan agreement in the amount of \$525,000 with Florida Capital Bank in January 2019 to finance the purchase of land for its educational facility which will serve as collateral for the loan. The loan is an interest only loan for the first twelve months then principal and interest payments for the next twenty-three months until the balance is due January 31, 2022. The initial rate is 6% and adjusts daily at 0.5% above the “Wall Street Journal Prime Interest Rate.”

In the event of default for non-payment of principal or interest on the loan, the outstanding amounts will become due and payable.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

All long-term debt represents amounts to be repaid from governmental activities. As of June 30, 2020, amounts payable for future loan payable payments is as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2021	\$ 376,518	\$ 142,787	\$ 233,731
2022	794,495	569,361	225,134
2023	306,575	101,396	205,179
2024	306,575	107,575	199,000
2025	306,575	114,129	192,446
2026-2030	1,532,875	683,832	849,043
2031-2035	1,532,875	919,156	613,719
2036-2040	1,532,875	1,235,460	297,415
2041-2042	365,189	352,276	12,913
Total	\$ 7,054,552	\$ 4,225,972	\$ 2,828,580

8. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 4,335,263	\$ -	\$ (109,291)	\$ 4,225,972	\$ 142,787
Total Governmental Activities	\$ 4,335,263	\$ -	\$ (109,291)	\$ 4,225,972	\$ 142,787

9. INTERFUND TRANSFERS

The School's General Fund transferred \$52,258 and the Capital Projects Fund transferred \$296,860 to the Debt Service Fund for principal and interest payments owed on long-term debt. The amounts of interfund transfers are netted together and not reported on the statement of activities.

10. RETIREMENT PLAN

The School adopted a 401(k) profit sharing plan for all employees on August 8, 2013 effective July 1, 2013. Contributions made by the School totaled \$176,528 for the year ended June 30, 2020, which was computed at 7% of employee compensation. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

11. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

Source	Amount
Florida Education Finance Program	\$ 2,566,576
Class Size Reduction	651,971
Charter School Capital Outlay	296,860
Discretionary Local Effort	173,031
Supplementary Academic Instruction	158,484
ESE Guarantee	150,872
Discretionary Millage	144,078
School Recognition	58,852
FL Best & Brightest Scholarship Program	54,227
FEFP Restricted Capital Outlay	47,388
Instructional Materials	47,335
Safe Schools	31,976
Reading Allocation	24,354
Teachers' Classroom Supply Program	11,344
Digital Classroom	2,319
Lottery Allocation	563
Total State Revenue	\$ 4,420,230

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$32,445.

12. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

13. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

14. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state 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 the collectability of any related receivables at June 30, 2020, may be impaired.

In the opinion of the School, there are no significant 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.

15. 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.

ACADEMY AT THE FARM, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Unaudited)**

For the Fiscal Year Ended June 30, 2020

	General Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget - Positive (Negative)
Revenues:				
Intergovernmental:				
State Sources	\$ 4,026,844	\$ 4,123,370	\$ 4,123,370	\$ -
Local and Other	1,431,868	1,124,895	1,124,895	-
Total Revenues	<u>5,458,712</u>	<u>5,248,265</u>	<u>5,248,265</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	3,408,657	3,190,490	3,190,490	-
Pupil Personnel Services	22,000	22,693	22,693	-
Instructional Staff Training		318	318	-
Instructional Technology	225,000	215,670	215,670	-
Board	7,000	7,000	7,000	-
General Administration	36,000	32,390	32,390	-
School Administration	410,000	406,074	406,074	-
Fiscal Services	70,000	70,225	70,225	-
Operation of Plant	275,000	266,639	266,639	-
Maintenance of Plant	235,000	233,358	233,358	-
Community Service	680,000	486,162	486,162	-
Fixed Capital Outlay:				
Facilities Acquisition & Construction		180,674	180,674	-
Other	5,000	13,655	13,655	-
Total Expenditures	<u>5,373,657</u>	<u>5,125,348</u>	<u>5,125,348</u>	<u>-</u>
Excess (Deficiency) of Revenues Over	<u>85,055</u>	<u>122,917</u>	<u>122,917</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers In/(Out)	<u>(35,184)</u>	<u>(52,258)</u>	<u>(52,258)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(35,184)</u>	<u>(52,258)</u>	<u>(52,258)</u>	<u>-</u>
Net Change in Fund Balance	49,871	70,659	70,659	-
Fund Balance, July 1, 2019	355,215	355,215	355,215	-
Fund Balance, June 30, 2020	<u>\$ 405,086</u>	<u>\$ 425,874</u>	<u>\$ 425,874</u>	<u>\$ -</u>

See Independent Auditor's Report.

ACADEMY AT THE FARM, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (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). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Members:
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Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors Academy at the Farm, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco 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 Academy at the Farm, Inc. ("School"), a charter school and component unit of the District School Board of Pasco County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 21, 2020.

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") to determine the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

August 21, 2020
Tampa, Florida

Members:
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Government Audit Quality Center

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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors Academy at the Farm, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of the Academy at the Farm, Inc. (“School”), a Charter School and Component Unit of the District School Board of Pasco County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated August 21, 2020.

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 the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated August 21, 2020, 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Academy at the Farm, Inc., 514302.

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 review of financial information provided by same.

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

Transparency

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

Additional Matters

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

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

Purpose of this Letter

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

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

August 21, 2020
Tampa, Florida