

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT
UNIT OF THE SCHOOL BOARD OF
SARASOTA COUNTY, FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2021

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
FINANCIAL STATEMENTS

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STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Student Leadership Academy of Venice, Inc. (the "Charter School") (a Charter School and component unit of the School Board of Sarasota County, Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter 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 *Government 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate remaining fund information of the Charter School as of June 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Student Leadership Academy of Venice, Inc adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules as listed 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 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 14, 2021 on our consideration of the Charter 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 Charter 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 Charter School's internal control over financial reporting and compliance.

*Christopher, Smith,
Leonard & Stanell, P.A.*

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

September 14, 2021
Sarasota, Florida

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of Student Leadership Academy of Venice, Inc. (the "Charter School"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2021.

Readers should review this Management's Discussion and Analysis (MD&A) in addition to the financial statements and the accompanying notes to the financial statements to gain an understanding of the Charter School as an operating entity.

Operating Entity

This Charter School was incorporated as a not-for-profit corporation in 2004. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida, serving grades 6-8 for the 2020-21 school year.

The Charter School occupies a leased facility situated in an excellent location on the Island of Venice, with County-operated athletic fields located across a residential street. These fields are available for physical fitness classes and team sports.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Charter School's financial statements. The Charter School's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the assets, deferred outflows, liabilities and deferred inflows as of June 30, 2021. Net position is in a deficit position of \$256,861 (an improvement over prior year's deficit of \$292,580), and is the difference between total assets plus deferred outflows less total liabilities and deferred inflows. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the Charter School is improving or deteriorating.

Condensed Statement of Net Position

	Governmental Activities		Change
	2021	2020	
Current and other assets	\$ 770,790	\$ 606,413	\$ 164,377
Capital assets	<u>705,525</u>	<u>722,726</u>	<u>(17,201)</u>
Total assets	<u>1,476,315</u>	<u>1,329,139</u>	<u>147,176</u>
Deferred outflows	<u>516,785</u>	<u>500,690</u>	<u>16,095</u>
Current liabilities	205,938	206,552	(614)
Noncurrent liabilities	<u>1,834,161</u>	<u>1,636,007</u>	<u>198,154</u>
Total liabilities	<u>2,040,099</u>	<u>1,842,559</u>	<u>197,540</u>
Deferred inflows	<u>209,862</u>	<u>279,850</u>	<u>(69,988)</u>
Net Position:			
Net investment in capital assets	705,525	722,726	(17,201)
Restricted	-0-	-0-	-0-
Unrestricted	<u>(962,386)</u>	<u>(1,015,306)</u>	<u>52,920</u>
Total net position	<u>\$ (256,861)</u>	<u>\$ (292,580)</u>	<u>\$ 35,719</u>

Total assets increased due to the timing of prepaid items which will be used for the 2021-22 school year and total liabilities increased due to changes in the net pension liability.

The Statement of Activities presents information showing how the Charter School's net position increased by \$35,719 during the current year. As noted in the following schedule, revenues increased during the year from grants and contributions. Expenses largely decreased due to the reduction in personnel which was largely related to no longer providing ninth grade. Overall, the change in net position improved for the 2020-21 fiscal year compared to 2019-20.

Condensed Statements of Activities

	Governmental Activities		Change
	2021	2020	
Revenues			
General revenues:			
Grants and contributions not restricted to specific programs	\$ 2,757,863	\$ 2,691,884	\$ 65,979
Miscellaneous revenue	12,631	35,016	(22,385)
Investment earnings	<u>400</u>	<u>226</u>	<u>174</u>
Total general revenues	<u>2,770,894</u>	<u>2,727,126</u>	<u>43,768</u>
Expenses			
Instruction	1,340,544	1,597,162	(256,618)
Pupil personnel services	183,178	177,689	5,489
Instruction media services	38,404	38,276	128
Board	13,045	13,085	(40)
General administration	39,569	40,162	(593)

Condensed Statement of Activities – Continued

	2021	2020	Change
School administration	472,535	457,329	15,206
Fiscal services	20,475	20,575	(100)
Food services	4,509	4,361	148
Pupil transportation services	107,272	81,405	25,867
Operation of plant	468,382	448,662	19,720
Maintenance of plant	47,262	41,503	5,759
Total expenses	2,735,175	2,920,209	(185,034)
Increase (Decrease) in Net Position	35,719	(193,083)	228,802
Net Position – Beginning	(292,580)	(99,497)	(193,083)
Net Position – Ending	<u>\$ (256,861)</u>	<u>\$ (292,580)</u>	<u>\$ 35,719</u>

The government-wide financial statements can be found on pages 8 and 9 of the financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Charter School, like other state and local government component units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual generic fund type in the Charter School’s financial statements is a governmental fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Charter School’s near term financing requirements.

The only governmental fund utilized by the Charter School is the General Fund. The Charter School had a fund balance of \$564,852 in the General Fund as of June 30, 2021. Fund balance in the General Fund increased by \$164,991 largely due to consistent revenue compared to the prior year and reduced personnel costs as discussed on page 4.

The General Fund financial statements, along with reconciliations to the government-wide financial statements can be found on pages 10 through 13 of this report.

The Charter School also reports custodial funds which are a fiduciary fund type. The funds account for resources of the Charter School’s internal account funds, used in connection with school, student, class, and club activities.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 16 of this report.

General Fund Budget

The Board closely monitors the Charter School's financial performance relative to the tentative budget on a monthly basis. The Board made formal budget amendments to approve changes as they monitored the bottom line for the overall financial effect on the Charter School.

Original budgeted revenues were \$2,418,375 compared to final budgeted revenues of \$2,730,580. Original budgeted expenditures were \$2,394,358 compared to final budgeted expenditures of \$2,599,088. At year-end, actual revenues exceeded budget by \$25,314 and actual expenditures were less than budget by \$8,185.

A schedule of revenues, expenditures and changes in fund balance comparing the budget to actual results for the General Fund is on page 29 of the financial statements.

Capital Assets

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2021 and 2020.

Capital Assets

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>	
Leasehold improvements	\$ 639,931	\$ 627,783	\$ 12,148
Furniture, fixtures and equipment	65,594	94,943	(29,349)
Total (net of depreciation)	<u>\$ 705,525</u>	<u>\$ 722,726</u>	<u>\$ (17,201)</u>

See Note 2 to the financial statements for additional detail of the capital asset activity for the year.

Debt Administration

The Charter School has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2021 and 2020, the net pension liability recognized by the Charter School was \$1,426,645 and \$1,240,486, respectively.

The Charter School has an annual leave policy providing all full-time employees six days of annual leave each fiscal year. Upon separation of employment from the Charter School, employees will receive 50% of the value of any remaining accrued annual leave up to a maximum of thirty (30) days. The Charter School reported a liability in the amount of \$41,016 and \$29,021 at June 30, 2021 and 2020, respectively, for accrued compensated absences.

During the year, the Charter School received \$366,500 in PPP proceeds provided by the Small Business Administration. The amount has been reported as a note payable as of June 30, 2021 and 2020, however, the amount is expected to be forgiven during the 2021-22 fiscal year.

See Note 3 to the financial statements for more details on long-term liabilities.

Economic Factors and Student Achievement

The Board has approved an operating budget for the 2021-2022 academic year based on a student enrollment of 295 students. The budget demonstrates that the Charter School will have a budgeted increase from operations of approximately \$20,000 after payment of debt service.

Knowing that enrollment growth and eventual stability is critical to the future viability of the Charter School, the Board continues to use postcards to announce open houses throughout the spring. These open houses provided a cost-efficient manner in which the Charter School can target potential new students and their parents, giving them the opportunity to tour the Charter School and interview the teachers. In addition, the Charter School has increased its presence in the community through volunteerism and social media to allow parents, students, and the community recognize its academic achievement and leadership.

The Charter School received a grade of “A” under the A+ accountability plan for Florida schools for the 2020-2021 school year, with an average class size of 16.2 students. The Charter School was also awarded the designation of “High Performing Charter School” by the Florida Department of Education in July 2011, allowing the Charter School to only pay a 2% administrative fee on the first 250 students instead of a 5% administrative fee on the first 250 students. The Charter School maintained the standards during the 2020-2021 fiscal year to continue the “High Performing Charter School” designation.

Requests for Information

The financial report is designed to provide a general overview of the Student Leadership Academy of Venice, Inc.’s finances for those with an interest in the entity’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Student Leadership Academy of Venice, Inc., 200 Field Avenue, Venice, Florida 34285.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 652,255
Prepaid items	117,935
Other current assets	600
Total current assets	770,790
Noncurrent assets	
Capital assets, net of accumulated depreciation	705,525
TOTAL ASSETS	1,476,315
DEFERRED OUTFLOWS OF RESOURCES – Pension	516,785
LIABILITIES	
Current liabilities	
Accounts payable	12,838
Accrued expenses	193,100
Total current liabilities	205,938
Noncurrent liabilities	
Due within one year	373,499
Due in more than one year	1,460,662
Total noncurrent liabilities	1,834,161
TOTAL LIABILITIES	2,040,099
DEFERRED INFLOWS OF RESOURCES – Pension	209,862
Net position	
Net investment in capital assets	705,525
Unrestricted	(962,386)
TOTAL NET POSITION	\$ (256,861)

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,340,544	\$ -	\$ -	\$ -	\$ (1,340,544)
Pupil personnel services	183,178	-	-	-	(183,178)
Instructional media services	38,404	-	-	-	(38,404)
Board	13,045	-	-	-	(13,045)
General administration	39,569	-	-	-	(39,569)
School administration	472,535	-	-	-	(472,535)
Fiscal services	20,475	-	-	-	(20,475)
Food services	4,509	-	-	-	(4,509)
Pupil transportation services	107,272	-	-	-	(107,272)
Operation of plant	468,382	-	-	-	(468,382)
Maintenance of plant	47,262	-	-	-	(47,262)
Total Governmental Activities	<u>2,735,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,735,175)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					2,757,863
Miscellaneous					12,631
Investment earnings					400
Total General Revenue					<u>2,770,894</u>
Change in net position					35,719
Net Position – Beginning of year					<u>(292,580)</u>
Net Position – End of year					<u><u>\$ (256,861)</u></u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
BALANCE SHEET – GENERAL FUND
JUNE 30, 2021

ASSETS	
Cash	\$ 652,255
Prepaid items	117,935
Other current asset	<u>600</u>
TOTAL ASSETS	<u>\$ 770,790</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 12,838
Accrued expenses	<u>193,100</u>
TOTAL LIABILITIES	205,938
Fund Balance:	
Nonspendable, prepaid items	117,935
Unassigned	<u>446,917</u>
TOTAL FUND BALANCES	<u>564,852</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 770,790</u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund Balance – General Fund	\$	564,852
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 in the General Fund		705,525
Deferred outflows of resources related to pension are not recognized in the General Fund; however, they are reported in the statement of net position		516,785
Deferred inflows of resources related to pension are not recognized in the General Fund; however, they are reported in the statement of net position		(209,862)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund		
Net pension liability	(1,426,645)	
Note payable	(366,500)	
Compensated absences	<u>(41,016)</u>	
		<u>(1,834,161)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(256,861)</u></u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND
REVENUES	
Federal through local	\$ 6,465
State through local	1,957,393
Local	807,036
Total Revenues	2,770,894
EXPENDITURES	
Current	
Instruction	1,240,906
Pupil personnel services	174,933
Instructional media services	36,792
Board	13,045
General administration	39,569
School administration	439,019
Fiscal services	20,475
Food services	4,260
Pupil transportation services	107,272
Operation of plant	429,358
Maintenance of plant	45,635
Capital outlay	54,639
Total Expenditures	2,605,903
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	164,991
FUND BALANCE – Beginning of year	399,861
FUND BALANCE – End of year	\$ 564,852

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balance – statement of revenues, expenditures and changes in fund balance – General Fund	\$ 164,991
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Amounts reported for governmental activities in the statement of activities are different because:

The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	54,639	
Less current depreciation	<u>(71,840)</u>	(17,201)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

Increase in deferred outflows	16,095	
Decrease in deferred inflows	69,988	
Increase in net pension liability	(186,159)	
Increase in compensated absences	<u>(11,995)</u>	<u>(112,071)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 35,719</u></u>
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The accompanying notes are an integral part of these financial statements.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 4,742
TOTAL ASSETS	<u>\$ 4,742</u>
NET POSITION	
Restricted for clubs	\$ 4,742
TOTAL NET POSITION	<u>\$ 4,742</u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Funds
ADDITIONS	
Contributions	\$ 345
Interest	2
TOTAL ADDITIONS	347
DEDUCTIONS	
Beneficiary payments to clubs	720
Service charges	245
TOTAL DEDUCTIONS	965
Net increase (decrease) in fiduciary net position	(618)
Net position – beginning	-
Change in accounting principle (Note 1)	5,360
Net position – ending	\$ 4,742

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

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Student Leadership Academy of Venice, Inc. (the “Charter School”) is a not-for-profit corporation that operates a middle school in Venice, Florida. The corporation was organized pursuant to the Florida Not-for-Profit Corporation Act, Chapter 617, Florida Statutes. The governing body of the Charter School is a not-for-profit corporation Board of Directors composed of five members.

The general operating authority of the Charter School is contained in Chapter 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, Florida, which is effective through June 30, 2024. The Charter School is considered a component unit of the School Board of Sarasota County, Florida. Upon dissolution or termination of the charter, all of the property, furnishings and equipment purchased with public funds, in part or in whole, automatically revert to the School Board of Sarasota County, Florida.

Basis of Presentation

The financial statements of the Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments, including the Charter School.

Government-wide and Fund Financial Statements

The Charter School’s financial statements include both government-wide (reporting on the Charter School as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Charter School. The government-wide financial statements present governmental activities only. The Charter School has no business-type activities. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

In the government-wide Statement of Net Position, the Charter School recognizes all long-term assets and receivables as well as long-term liabilities, including debt and other obligations. The Charter School’s net position is reported in three parts (as applicable): (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The individual generic fund type in the Charter School's financial statements is a governmental fund. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The only governmental fund utilized by the Charter School is the General Fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures. The General Fund is the general operating fund of the Charter School and is used to account for all of its non-fiduciary financial resources.

Additionally, the Charter School reports custodial funds which are a fiduciary fund type. The custodial funds are used to account for resources of the Charter School's internal account funds which are used in connection with school, student, class, and club activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Fiduciary funds are also reported using the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available, if they are collected within 60 days of the end of the current period. When grant terms provide that the expenditure of resources is the determining factor for eligibility for Federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Revenues for current operations received from the School Board of Sarasota County, Florida, pursuant to funding provisions included in the Charter School's charter are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

Cash

The Charter School's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC). At June 30, 2021, the carrying amount of the Charter School's deposits was \$652,255 and the bank balances were \$746,092. Additionally, the custodial funds' carrying amount and bank balances were both \$4,742. At June 30, 2021, the Charter School's cash balances including the custodial funds exceeded FDIC limits by \$443,616. The Charter School has not experienced losses and as a result, management considers the risk of loss, if any, to be minimal.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include leasehold improvements and furniture, fixtures and equipment, are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by the Charter School as any individual asset with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 7 to 39 years for leasehold improvements and 3 to 7 years for furniture, fixtures and equipment.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This 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. One item qualifies for reporting in this category which is a deferred outflow of pension resources which will be recognized as either pension expense or a reduction of net pension liability in future reporting years.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. One item qualifies for reporting in this category which is a deferred inflow of pension earnings which will be recognized as a reduction to pension expense in future reporting years.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance: Generally, fund balance represents the difference between the assets plus deferred outflows and liabilities plus deferred inflows under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Charter School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by the Charter School's intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors is authorized to make assignments.
- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. The Charter School reports positive unassigned fund balance as of June 30, 2021.

Net Position: Net position represents the difference between assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as net investment in capital assets and restricted net position is reported as unrestricted net position.

Flow Assumptions: When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is the Charter School's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Charter School's policy to first use committed, then assigned and unassigned.

Revenue Sources

Revenues for current operations are received primarily from the School Board of Sarasota County, Florida (School Board), pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and Chapter 1002.33(17), Florida Statutes, the Charter School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Chapter 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Charter 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 Charter School during the designated full-time equivalent student survey periods.

The Charter School also receives Federal, State and local awards for the enhancement of various educational programs. Awards are generally received based on applications submitted to and approved by the respective granting agencies.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgetary Information

An annual budget was adopted for the General Fund on the modified accrual basis of accounting and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year end. The Charter School's budget for the year ended June 30, 2021 was prepared on a non-GAAP basis as it excluded in-kind contributions totaling \$15,000.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS), (which includes FRS and HIS and is a cost-sharing multi-employer plan) and additions to/deletions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the plan are reported at fair value (Note 7).

Estimates

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

Change in Accounting Principle

Effective July 1, 2020, the Charter School adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the title of amounts held on behalf of clubs from "agency funds" to "custodial funds." Additionally, a statement of changes in fiduciary net position is required for custodial funds which reports additions to, deductions from, and total net position. The implementation of this new standard reclassified amounts previously reported as liabilities to net position. The amount that was reclassified changed beginning net position of the custodial funds from \$0 to \$5,360.

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NOTE 2 – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets being depreciated:				
Leasehold improvements	\$ 1,025,914	\$ 48,359	\$ -	\$ 1,074,273
Furniture, fixtures and equipment	<u>704,297</u>	<u>6,280</u>	<u>-</u>	<u>710,577</u>
Total capital assets being depreciated	1,730,211	54,639	-	1,784,850
Less accumulated depreciation for:				
Leasehold improvements	398,131	36,211	-	434,342
Furniture, fixtures and equipment	<u>609,354</u>	<u>35,629</u>	<u>-</u>	<u>644,983</u>
Total accumulated depreciation	<u>1,007,485</u>	<u>71,840</u>	<u>-</u>	<u>1,079,325</u>
Total capital assets, being depreciated, net	<u>722,726</u>	<u>(17,201)</u>	<u>-</u>	<u>705,525</u>
Governmental activities capital assets, net	<u>\$ 722,726</u>	<u>\$ (17,201)</u>	<u>\$ -</u>	<u>\$ 705,525</u>

Depreciation expense for the year ended June 30, 2021 was allocated to the following governmental functions as follows:

Instruction	\$ 22,678
School administration	11,765
Operation of plant	<u>37,397</u>
	<u>\$ 71,840</u>

NOTE 3 – LONG-TERM LIABILITIES

The Charter School has an annual leave policy providing all full-time employees six days of annual leave each fiscal year. Upon separation of employment from the Charter School, employees receive payment for 50% of the value of any remaining unused accrued annual leave up to a maximum of thirty (30) days.

During the 2020 school year, the Charter School received loan proceeds of \$366,500 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The loan is unsecured and bears an interest rate at 1 percent. The loan requires payment of principal and interest monthly in the amount of \$20,625 and matures on May 4, 2022. During 2022, the Charter School applied for forgiveness of the PPP loan amount pursuant to the SBA guidelines. At the time of forgiveness, the Charter School will recognize a gain on debt extinguishment. Principal and interest payments have been deferred by the program until a determination on forgiveness can be made.

The net pension liability is described in Note 7.

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Changes in long-term liabilities for fiscal year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 29,021	\$ 54,282	\$ (42,287)	\$ 41,016	\$ 2,000
Direct borrowing note	366,500	-	-	366,500	366,500
Net pension liability	1,240,486	463,159	(277,000)	1,426,645	4,999
	<u>\$ 1,636,007</u>	<u>\$ 517,441</u>	<u>\$ (319,287)</u>	<u>\$ 1,834,161</u>	<u>\$ 373,499</u>

NOTE 4 – SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Source	Amount
Federal through local	
Individuals with Disabilities Education Act grant funds	\$ 6,465
Subtotal	<u>6,465</u>
State through local	
Base funding/declining enrollment	1,404,273
Supplemental academic instruction	55,099
Reading instruction	12,338
Safe Schools	34,151
Class size reduction	245,822
Instruction materials	28,512
Charter school capital outlay	130,342
Excellent Teaching Program	2,231
CARES Act grant	36,470
Other	8,155
Subtotal	<u>1,957,393</u>
Local	
Discretionary local effort/millage equalization	298,557
Voted referendum millage	368,039
Local capital outlay millage	62,448
In-kind contributions	15,000
Miscellaneous revenue	62,591
Interest earnings	401
Subtotal	<u>807,036</u>
Total revenues	<u>\$ 2,770,894</u>

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NOTE 5 - OPERATING LEASE

The Charter School entered into an operating lease for the school building effective July 1, 2006 which was extended on June 8, 2017. The lease extension also includes a first right of refusal if the property is sold which expires June 30, 2024. The rent expense was \$234,000 for the year ended June 30, 2021. Future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 234,000
2023	\$ 234,000
2024	\$ 234,000

NOTE 6 - RISK MANAGEMENT PROGRAMS

The Charter School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees for which the Charter School has purchased commercial insurance. The Charter School has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the last three years.

NOTE 7 - RETIREMENT PLAN - FLORIDA RETIREMENT SYSTEM

Plan Description

All part-time and full-time permanent employees of the Charter School are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

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NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Plan Provisions

If first employed prior to July 1, 2011: Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into, which require employees to contribute 3% and employers to contribute based on class. The Charter School’s contractually required contribution rate for the year ended June 30, 2021 was 10.00% for regular employees and 16.98% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Charter School were \$134,200 for the year ended June 30, 2021, which equaled required contributions and approximated 10.03% of covered payroll.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

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NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Charter School reported a liability of \$1,426,645 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School’s proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2020, the Charter School’s proportion was 0.00002185164% for FRS and 0.00003927677% for HIS which was consistent with its proportion measured in the previous year.

Pertaining to the June 30, 2020 measurement, the Charter School recognized pension expense of \$206,189. Additionally, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 36,247	\$ -	\$ 19,617	\$ 370
Changes in assumptions	171,452	-	51,567	27,885
Net difference between projected and actual earnings on pension plan investments	56,390	-	383	-
Changes in proportion and differences between contributions and proportionate share of contributions	40,532	121,918	26,998	59,689
Charter School contributions subsequent to the June 30, 2020 measurement date	90,704	-	22,895	-
	<u>\$ 395,325</u>	<u>\$ 121,918</u>	<u>\$ 121,460</u>	<u>\$ 87,944</u>

Total deferred outflows were \$516,785 and total deferred inflows were \$209,862. \$90,704 (FRS) and \$22,895 (HIS) were reported as deferred outflows of resources related to pensions resulting from Charter School contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	FRS	HIS
2022	\$ 32,688	\$ 1,499
2023	32,688	1,499
2024	32,688	1,499
2025	32,688	1,499
2026	32,688	1,499
Thereafter	19,263	3,126
	<u>\$ 182,703</u>	<u>\$ 10,621</u>

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NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation (June 30, 2020 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.4 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.80 percent, including inflation at 2.40%

Mortality assumptions for the FRS pension plan were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2010 with Projection Scale MP-2018 tables.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study performed in 2020 for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) a real (in excess of inflation) return of 4.30%, consistent with one capital market outlook model developed in 2020 by the outside investment consultants to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2020 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equity	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.80%, and the HIS pension liability was 2.21%. The HIS rate decreased from 3.50% to 2.21% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

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NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in the 2020 valuation:

- FRS: The discount rate and the long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal rate used to determine total pension liability decreased from 3.50% to 2.21% and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the Generational RP-2010 with Projection Scale MP-2018.

Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.80%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower (5.80 percent) or 1–percentage–point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Charter School’s proportionate share of the FRS net pension liability	\$ 1,512,331	\$ 947,082	\$ 474,984

The following presents the Charter School’s proportionate share of the HIS net pension liability calculated using the discount rate of 2.21%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower (2.50%) or 1–percentage–point higher (4.50%) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Charter School’s proportionate share of the HIS net pension liability	\$ 554,353	\$ 479,563	\$ 41,835

Pension Plan Fiduciary Net Position

The Charter School’s proportion of net position has been determined on the same basis as each Plan. Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

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NOTES TO FINANCIAL STATEMENTS

NOTE 7 – RETIREMENT PLAN FLORIDA – RETIREMENT SYSTEM – CONTINUED

Aggregate Information for Retirement Plans

	<u>Deferred Outflows</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>
FRS	\$ 395,325	\$ 947,082	\$ 121,918
HIS	121,460	479,563	87,944
	<u>\$ 516,785</u>	<u>\$ 1,426,645</u>	<u>\$ 209,862</u>

NOTE 8 – CONTINGENCIES

The Charter School is evaluating the risks associated with COVID-19. The Charter School is in the process of implementing risk mitigation tactics for the Charter School as to the risk of the impact, if any, of COVID-19 related to all aspects of the Charter School’s operations. However, the Charter School cannot at this time, make a determination on the ultimate impacts of COVID-19 pandemic.

NOTE 9 – SUBSEQUENT EVENTS

The Charter School has evaluated all subsequent events through September 14, 2021, the date the financial statements were available to be issued.

On July 28, 2021, the Charter School entered into a loan agreement with a financial institution for \$125,000 with interest at 5.00%.

REQUIRED SUPPLEMENTRY INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
NON-GAAP BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Federal through local	\$ -	\$ 42,936	\$ 6,465	\$ (36,471)
State through local	1,680,339	1,918,188	1,957,393	39,205
Local	738,036	769,456	792,036	22,580
Total Revenues	2,418,375	2,730,580	2,755,894	25,314
EXPENDITURES				
Current				
Instruction	1,146,979	1,242,495	1,240,906	1,589
Pupil personnel services	179,245	203,038	174,933	28,105
Instructional media services	37,005	38,023	36,792	1,231
Instructional staff training	500	500	-	500
Board	16,500	13,050	13,045	5
General administration	40,146	39,567	39,569	(2)
School administration	399,648	424,736	439,019	(14,283)
Fiscal services	20,450	20,450	20,475	(25)
Food services	4,351	5,359	4,260	1,099
Pupil transportation services	106,763	105,970	107,272	(1,302)
Operation of plant	374,220	413,950	414,358	(408)
Maintenance of plant	50,951	80,950	45,635	35,315
Capital outlay	17,600	11,000	54,639	(43,639)
Total Expenditures	2,394,358	2,599,088	2,590,903	8,185
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,017	131,492	164,991	33,499
FUND BALANCE – Beginning of year	399,861	399,861	399,861	-
FUND BALANCE – End of year	\$ 423,878	\$ 531,353	\$ 564,852	\$ 33,499

**RECONCILIATION OF DIFFERENCES BETWEEN NON-GAAP BUDGETARY BASIS AND GAAP
(MODIFIED ACCRUAL) BASIS**

The Charter School did not budget for an in-kind contribution reducing annual rent expense by \$15,000. The following schedule reconciles the actual amount on the budget basis to the actual amount on the GAAP basis as presented on page 12.

	Actual On GAAP Basis	To Budgetary Basis	Actual On Budget Basis
Total revenues	\$ 2,770,894	\$ 15,000	\$ 2,755,894
Total expenditures	2,605,903	15,000	2,590,903
Excess of revenues over (under) expenditures	\$ 164,991	\$ -	\$ 164,991

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

NOTE 1 – BUDGETARY INFORMATION

An annual budget was adopted for the General Fund on the modified accrual basis of accounting in accordance with generally accepted accounting principles, except for an in-kind contribution reducing annual rent expense by \$15,000, and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year-end.

Revenues were in excess of budget in the amount of \$25,314 and expenditures were less than appropriations in the amount of \$8,185.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – FRS**

	FLORIDA RETIREMENT SYSTEM (FRS) Last Seven Fiscal Years *						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Charter School's proportion of the net pension liability	0.003000817%	0.002765655%	0.002526826%	0.0024844860%	0.002912368%	0.002316910%	0.00002185164%
Charter School's proportionate share of the net pension liability	\$ 183,094	\$ 357,221	\$ 638,026	\$ 734,894	\$ 877,220	\$ 797,912	\$ 947,082
Charter School's covered payroll	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273	\$ 1,337,702
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	14%	26%	51%	51%	66%	59%	71%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%

* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – HIS**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Seven Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Charter School's proportion of the net pension liability	0.004686543%	0.004411320%	0.004413572%	0.003941559%	0.004387096%	0.003955439%	0.00003927677%
Charter School's proportionate share of the net pension liability	\$ 438,203	\$ 449,885	\$ 514,384	\$ 421,450	\$ 464,335	\$ 442,574	\$ 479,563
Charter School's covered payroll	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273	\$ 1,337,702
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	33%	33%	41%	29%	35%	32%	36%
Plan fiduciary net position as a percentage of total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%

* – GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – FRS**

FLORIDA RETIREMENT SYSTEM (FRS)
Last Seven Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution **	\$ 65,731	\$ 67,429	\$ 61,621	\$ 64,677	\$ 83,000	\$ 71,841	\$ 72,603
Contributions in relation to the contractually required contribution	65,731	67,429	61,621	64,677	83,000	71,841	72,603
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273	\$ 1,337,702
Contributions as a percentage of covered payroll	4.91%	4.95%	4.91%	4.52%	6.26%	5.27%	5.43%

* - GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

** - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – HIS**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Seven Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution **	\$ 16,055	\$ 16,863	\$ 22,622	\$ 20,860	\$ 23,791	\$ 21,964	\$ 22,633
Contributions in relation to the contractually required contribution	16,055	16,863	22,622	20,860	23,791	21,964	22,633
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ 1,338,335	\$ 1,362,604	\$ 1,254,868	\$ 1,431,624	\$ 1,324,880	\$ 1,363,273	\$ 1,337,702
Contributions as a percentage of covered payroll	1.20%	1.24%	1.80%	1.46%	1.80%	1.61%	1.69%

* - GASB No. 68 and 71 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

** - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

**STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION**

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2020 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS and HIS plans were determined by an actuarial valuation as of July 1, 2020. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2010 with Projection Scale MP-2018 tables.

The following changes in actuarial assumptions occurred in 2020:

- FRS: The discount rate and long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal rate used to determine total pension liability decreased from 3.50% to 2.21% and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the Generational RP-2010 with Projection Scale MP-2018.

**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***

**Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, 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, the general fund, and the aggregate remaining fund information of Student Leadership Academy of Venice, Inc. (the “Charter School”) (a Charter School and component unit of the School Board of Sarasota County, Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School’s basic financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter 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 Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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 Charter School’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christopher, Smith,
Leonard & Stanell, P.A.*

CHRISTOPHER, SMITH,
LEONARD & STANEL, P.A.

September 14, 2021
Sarasota, Florida

MANAGEMENT LETTER

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

Report on the Financial Statements

We have audited the financial statements of Student Leadership Academy of Venice, Inc. (the Charter School) (a Charter School and component unit of the School Board of Sarasota County, Florida) as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 14, 2021.

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 14, 2021, 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 recommendations made in the preceding annual financial report.

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 the Student Leadership Academy of Venice, Inc. and 580102.

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 Charter 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 Charter 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 Charter School. It is management's responsibility to monitor the Charter 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 the 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 Charter 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 Charter 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 School Board of Sarasota County, Florida, and is not intended to be and should not be used by anyone other than these specific parties.

*Christopher, Smith,
Leonard & Stanell, P.A.*

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

September 14, 2021
Sarasota, Florida