

**GULF COAST CHARTER ACADEMY SOUTH,  
INC.**  
NAPLES, FLORIDA  
(A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF COLLIER  
COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT  
AUDITOR'S REPORT, AND SUPPLEMENTAL  
INFORMATION

JUNE 30, 2021

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2021**

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**GULF COAST CHARTER ACADEMY SOUTH, INC.**

(A Charter School and Component Unit of the District School Board of Collier County, Florida)

215 Airport Pulling Road  
Naples, FL 34104  
(239) 784-1539

**2020-2021**

**BOARD OF DIRECTORS**

Mr. Mark McCabe, President  
Mrs. Helen Deitrich, Vice President  
Mr. Adaer Carreno Lopez  
Ms. Danielle Grim, GCCAS Parent Liason

**ACADEMY ADMINISTRATION**

Mr. William Staros, Principal  
Ms. Brittany Fangmeier, Assistant Principal  
Ms. Gwen DaPaore, Executive Director



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Gulf Coast Charter Academy South, Inc.  
Naples, 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 Gulf Coast Charter Academy South, Inc. (the "Academy"), a charter school and a component unit of the District School Board of Collier County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy'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.

## Opinion

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 the Academy, as of June 30, 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.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 26 through 28 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 August 31, 2020 on our consideration of the Academy'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 the Academy's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2021

**Management’s Discussion and Analysis**  
Gulf Coast Charter Academy South, Inc.  
June 30, 2021

The corporate officers of Gulf Coast Charter Academy South, Inc. (the “Academy”) have prepared this narrative overview and analysis of the Academy’s financial activities for the fiscal year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS**

1. At year-end, the Academy had current assets of \$3,452,615.
2. At year-end, the Academy’s net position was \$2,741,289 and its fund balance was \$3,051,930.

*Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the Academy’s basic financial statements. The Academy’s financial statements for the year ended June 30, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Academy’s finances, in a manner similar to a private-sector business.

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

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

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

*Fund Financial Statements*

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the Academy are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the Academy's fiscal year, the Board of the Academy adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the Academy's governmental funds to demonstrate compliance with the Academy's budget. The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

#### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 15 - 25 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time, net position may serve as a useful indicator of the Academy's financial position. A summary of the Academy's net position as of June 30, 2021 and 2020 follows:

	<u>Net Position</u>	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,773,338	\$ 1,799,027
Restricted cash	619,541	718,499
Due from other agencies	43,577	34,067
Prepaid expenses	450	3,221
Deposits receivable and other assets	7,580	7,580
Notes receivable from charter schools	102,030	29,108
Capital assets, net	8,185,983	8,201,586
Deferred outflows of resources, net	318,917	404,435
Total Assets	<u>\$ 12,051,416</u>	<u>\$ 11,197,523</u>
<b>Liabilities and Net Position</b>		
Accounts and wages payable and accrued liabilities	\$ 312,556	\$ 313,004
Note payable	582,571	-
Bonds payable	8,415,000	8,570,000
Total Liabilities	<u>9,310,127</u>	<u>8,883,004</u>
Net investment in capital assets	(229,017)	(368,414)
Restricted for debt service	619,541	718,499
Unrestricted	2,350,765	1,964,434
Total Net Position	<u>\$ 2,741,289</u>	<u>\$ 2,314,519</u>
Total Liabilities and Net Position	<u>\$ 12,051,416</u>	<u>\$ 11,197,523</u>

At June 30, 2021, the Academy's total assets and deferred outflows of resources were \$12,051,416 and total liabilities were \$9,310,127. At June 30, 2021, the Academy reported a total net position of \$2,741,289.

A summary and analysis of the Academy's revenues and expenses for the years ended June 30, 2021 and 2020 follows:

<b>REVENUES</b>	2021	2020
Program Revenues		
Federal programs	\$ 528,245	\$ 223,768
State capital outlay funding	323,724	333,579
Charges for services	147,768	146,078
General Revenues		
FEFP nonspecific revenue	5,763,878	5,537,742
Other local revenue	53,068	160,746
Interest income	176	19,162
Total Revenues	\$ 6,816,859	\$ 6,421,075
 <b>EXPENSES</b>		
Instruction	\$ 2,877,400	\$ 2,739,643
Instructional support services	55,272	54,114
Instructional and curriculum	137,446	110,621
Instructional related technology	6,191	734
Food services	353,283	262,794
General administration	1,057,405	1,048,435
School administration	512,059	529,311
Central services	53,628	47,629
School Board	10,585	10,129
Operation of plant	613,106	589,715
Fiscal services	34,801	20,884
Transportation	157,702	153,609
Community services	5,095	13,011
Administrative technology services	15,190	28,974
Interest on long-term debt	500,926	508,231
Total Expenses	\$ 6,390,089	\$ 6,117,834
Change in Net Position	426,770	303,241
<b>Net Position at Beginning of Year</b>	2,314,519	2,011,278
 <b>Net Position at End of Year</b>	<b>\$ 2,741,289</b>	<b>\$ 2,314,519</b>

The Academy's total revenues for the year ended June 30, 2021 were \$6,816,859, while its total expenses were \$6,390,089 for a net increase of \$426,770. The Academy's net position at year-end totaled \$2,741,289.

## **SCHOOL LOCATION**

The Academy operates in the Naples area located at 215 Airport Pulling Road, Naples, FL, 34104.

## **CAPITAL IMPROVEMENT REQUIREMENT**

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

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

## **GOVERNMENTAL FUNDS**

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

For the year ended June 30, 2021, the Academy's governmental funds reported a combined change in fund balance of \$880,040 and reported a combined fund balance at year-end of \$3,051,930.

## **CAPITAL ASSETS**

The Academy's investment in capital assets, as of June 30, 2021, amounts to \$8,185,983 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, fixtures, and equipment.

## **BOND PAYABLE**

In November 2017, the Academy issued tax-exempt revenue bonds for \$8,430,000 (Series 2017A) and \$415,000 (Series 2017B), which are secured by their related reserve and indenture subaccounts. The bonds were issued to finance the acquisition, improvements, and related financing costs of the Academy's educational facilities. Bonds payable at June 30, 2021 totaled \$8,415,000.

## **NOTE PAYABLE - PPP**

In July 2020, the Academy received loan proceeds of \$582,571 through the Paycheck Protection Program ("PPP"). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures on July 14, 2025 and bears interest of 1%. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above. Subsequent to year-end, the Academy received approval for forgiveness of the full loan amount plus any accrued interest. Accordingly, the forgiveness will be reflected on the statement of activities in the fiscal year ending June 30, 2022.

## GOVERNMENTAL FUND BUDGET ANALYSIS

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local district	\$ 5,414,179	\$ 5,763,878	\$ 5,763,878
State capital outlay funding	310,000	323,724	323,724
Food service	12,815	353,283	353,283
Local and other revenue	265,586	375,974	375,974
<b>TOTAL REVENUES</b>	<b>\$ 6,002,580</b>	<b>\$ 6,816,859</b>	<b>\$ 6,816,859</b>
<b>EXPENDITURES</b>			
Instruction	\$ 2,697,050	\$ 2,877,400	\$ 2,877,400
Instructional support services	53,974	55,272	55,272
Instructional and curriculum	136,865	41,779	137,446
Instructional related technology	1,620	6,191	6,191
Food services	12,815	353,283	353,283
General administration	1,372,102	1,057,405	1,057,405
School administration	576,845	512,059	512,059
Central services	15,273	53,628	53,628
School Board	13,460	10,585	10,585
Operation of plant	400,000	332,630	332,630
Fiscal services	127,552	34,801	34,801
Administrative technology services	12,675	55,850	55,850
Transportation	36,599	5,095	5,095
Community services	6,807	15,190	15,190
Capital Outlay:			
Facilities acquisition and construction	333,849	456,689	456,689
Debt service	436,050	570,408	570,408
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,233,536</b>	<b>\$ 6,438,265</b>	<b>\$ 6,533,932</b>
Net change in fund balance	(230,956)	378,594	282,927
<b>OTHER FINANCING SOURCES</b>			
Proceeds from note payable- PPP		582,571	582,571
Payments received on notes receivable	-	14,542	14,542
Transfers in (out)	-	-	-
Net change in fund balance	<b>\$ (230,956)</b>	<b>\$ 393,136</b>	<b>\$ 880,040</b>

## REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the Academy. Requests for additional information may be addressed to Mr. Charles Maletesta of FORZA Education Management at P.O. Box 830, Parrish, FL, 34219.

**GULF COAST CHARTER ACADEMY SOUTH, INC,**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 2,773,338
Restricted cash	619,541
Due from other agencies	43,577
Notes receivable from other charter schools - current portion	15,709
Prepaid expenses	450
TOTAL CURRENT ASSETS	<u>3,452,615</u>
<b>CAPITAL ASSETS, NET</b>	
Nondepreciable capital assets	2,417,000
Depreciable capital assets, net of accumulated depreciation	<u>5,768,983</u>
TOTAL CAPITAL ASSETS, NET	8,185,983
Notes receivable from other charter schools - long-term portion	86,321
Deposits receivable	<u>7,580</u>
TOTAL ASSETS	11,732,499
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on bond issuance, net of amortization	<u>318,917</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,051,416</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 34,552
Accrued payroll and related expenses	242,614
Accrued interest payable	35,390
Bonds payable, current portion	<u>160,000</u>
TOTAL CURRENT LIABILITIES	472,556
Note payable - PPP	582,571
Bonds payable, long-term portion	<u>8,255,000</u>
TOTAL LIABILITIES	9,310,127
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	(229,017)
Restricted for debt service	619,541
Unrestricted	<u>2,350,765</u>
TOTAL NET POSITION	<u>2,741,289</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,051,416</u>

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

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 2,877,400	\$ -	\$ -	\$ -	\$ (2,877,400)
Instructional support services	55,272	-	32,251	-	(23,021)
Instructional and curriculum	137,446	-	95,667	-	(41,779)
Instructional related technology	6,191	-	-	-	(6,191)
Food services	353,283	3,480	349,803	-	-
General administration	1,057,405	-	-	-	(1,057,405)
School administration	512,059	-	50,524	-	(461,535)
Central services	53,628	-	-	-	(53,628)
School Board	10,585	-	-	-	(10,585)
Operation of plant	613,106	-	-	323,724	(289,382)
Fiscal services	34,801	-	-	-	(34,801)
Transportation	157,702	-	-	-	(157,702)
Community services	5,095	144,288	-	-	139,193
Administrative technology services	15,190	-	-	-	(15,190)
Interest on long-term debt	500,926	-	-	-	(500,926)
<b>Total Governmental Activities</b>	<b>\$ 6,390,089</b>	<b>\$ 147,768</b>	<b>\$ 528,245</b>	<b>\$ 323,724</b>	<b>\$ (5,390,352)</b>
GENERAL REVENUES:					
					5,763,878
					53,068
					176
					<u>5,817,122</u>
					426,770
					<u>2,314,519</u>
					<u>\$ 2,741,289</u>

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

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,773,338	\$ -	\$ -	\$ -	\$ 2,773,338
Restricted cash	-	-	619,541	-	619,541
Due from other agencies	43,577	-	-	-	43,577
Prepaid expenses	450	-	-	-	450
Deposits	7,580	-	-	-	7,580
Due from other funds	-	-	115,390	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,824,945</b>	<b>\$ -</b>	<b>\$ 734,931</b>	<b>\$ -</b>	<b>\$ 3,444,486</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 34,552	\$ -	\$ 80,000	\$ -	\$ 114,552
Accrued payroll and related expenses	242,614	-	-	-	242,614
Accrued interest payable	-	-	35,390	-	35,390
Due to other funds	115,390	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>392,556</b>	<b>-</b>	<b>115,390</b>	<b>-</b>	<b>392,556</b>
<b>FUND BALANCE</b>					
Nonspendable					
Deposits and prepaid expenses	8,030	-	-	-	8,030
Restricted	-	-	619,541	-	619,541
Unassigned	2,424,359	-	-	-	2,424,359
<b>TOTAL FUND BALANCE</b>	<b>2,432,389</b>	<b>-</b>	<b>619,541</b>	<b>-</b>	<b>3,051,930</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,824,945</b>	<b>\$ -</b>	<b>\$ 734,931</b>	<b>\$ -</b>	<b>\$ 3,444,486</b>

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

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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Total Fund Balance - Governmental Funds	\$ 3,051,930
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	8,185,983
Deferred outflow of resources are reported as a result of changes in fair value of deferred amounts on bond issuance costs in the statement of net position.	318,917
Receivables from other charter schools in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	102,030
Long-term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.	(8,997,571)
Matured principal payable is due in the current period and, therefore, is reported as a fund liability.	<u>80,000</u>
Total Net Position - Governmental Activities	<u><u>\$ 2,741,289</u></u>

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

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
<b>REVENUES</b>					
State passed through local school district	\$ 5,763,878	\$ -	\$ -	\$ 323,724	\$ 6,087,602
National School Lunch Program	-	349,803	-	-	349,803
Federal programs	-	178,442	-	-	178,442
Food service	-	3,480	-	-	3,480
Local and other revenue:					
Child care	144,288	-	-	-	144,288
Other	53,068	-	-	-	53,068
Interest income	132	-	44	-	176
<b>TOTAL REVENUES</b>	<b>\$ 5,961,366</b>	<b>\$ 531,725</b>	<b>\$ 44</b>	<b>\$ 323,724</b>	<b>\$ 6,816,859</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instruction	\$ 2,877,400	\$ -	\$ -	\$ -	\$ 2,877,400
Instructional support services	23,021	32,251	-	-	55,272
Instructional and curriculum	41,779	95,667	-	-	137,446
Instructional related technology	6,191	-	-	-	6,191
Food services	-	353,283	-	-	353,283
General administration	1,057,405	-	-	-	1,057,405
School administration	461,535	50,524	-	-	512,059
Central services	53,628	-	-	-	53,628
School Board	10,585	-	-	-	10,585
Operation of plant	332,630	-	-	-	332,630
Fiscal services	34,801	-	-	-	34,801
Transportation	55,850	-	-	-	55,850
Community services	5,095	-	-	-	5,095
Administrative technology services	15,190	-	-	-	15,190
<b>Capital Outlay:</b>					
Facilities acquisition and construction	132,965	-	-	323,724	456,689
<b>Debt service:</b>					
Principal retirement	-	-	155,000	-	155,000
Interest	-	-	415,408	-	415,408
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,108,075</b>	<b>\$ 531,725</b>	<b>\$ 570,408</b>	<b>\$ 323,724</b>	<b>\$ 6,533,932</b>
Excess (deficiency) of revenues over expenditures	853,291	-	(570,364)	-	282,927
<b>OTHER FINANCING SOURCES</b>					
Proceeds from note payable- PPP	582,571	-	-	-	582,571
Payments received on notes receivable	14,542	-	-	-	14,542
Transfers (out) in	(471,406)	-	471,406	-	-
Total other financing sources	125,707	-	471,406	-	597,113
<b>NET CHANGE IN FUND BALANCE</b>	<b>978,998</b>	<b>-</b>	<b>(98,958)</b>	<b>-</b>	<b>880,040</b>
Fund balance at beginning of year	1,453,391	-	718,499	-	2,171,890
Fund balance at end of year	\$ 2,432,389	\$ -	\$ 619,541	\$ -	\$ 3,051,930

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

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2021**

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Change in Fund Balance - Governmental Funds \$ 880,040

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense and any sale or disposal is recorded as a gain or loss.

Capital outlays	456,689
Depreciation expense	(407,033)
Gain on sale of assets	24,705

Notes receivable and collections of notes receivable reduces long-term assets in the statement of net position, but is reported as an other financing source in the governmental funds. This is the amount of collections in the current period. (14,542)

Proceeds from issuance of long-term debt are reported as other financing sources in the governmental funds. However, in the statement of net position the amount of funds borrowed is reported as an increase in notes payable. (582,571)

Repayment of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position. 155,000

Governmental funds report the effect of debt issuance costs, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of deferred outflows	(85,518)
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Change in Net Position of Governmental Activities	\$ 426,770
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The accompanying notes are an integral part of this financial statement.

**GULF COAST CHARTER ACADEMY SOUTH, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

Gulf Coast Charter Academy South, Inc. (the “Academy”) is a charter school sponsored by the School Board of Collier County, Florida (the “District”) and is a component unit of the District. The Academy’s charter is held by Gulf Coast Charter Academy South, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33 Florida Statutes. The Academy is governed by a Board of Directors composed of four members.

The general operating authority of the Academy is contained in Section 1002.33, Florida Statutes. The Academy operates under a charter of the sponsoring school district, the District School Board of Collier County, Florida. The current charter is for a term of five years ending June 30, 2026 . The charter may be renewed as provided in Section 1002.33 or 1002.331, Florida Statutes, upon mutual consent between the Academy and the District and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the Academy in writing at least ninety days prior to the charter's expiration. The Academy contract provides, in the event that the Academy is dissolved or terminated, any unencumbered funds and all Academy property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The Academy 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.

These financial statements are for the year ended June 30, 2021, when 612 students were enrolled in grades Kindergarten through 8<sup>th</sup> grade.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the Academy is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the Academy as a whole. Both statements report only governmental activities, as the Academy does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Government-wide and Fund Financial Statements (Continued)**

*Fund Financial Statements*

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

The Academy utilizes the following major governmental funds:

General Fund – is the Academy’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Academy are prepared in accordance with generally accepted accounting principles (GAAP). The Academy’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Academy considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Budgetary Basis of Accounting**

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g. instructional, pupil personnel services, and school administration). Any revisions to the annual budget are approved by the Board.

**Cash**

Cash deposits consist primarily of demand deposits included in pooled cash, held by banks that are qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**Capital Assets and Depreciation**

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The Academy capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	Useful Lives (years)
Buildings	39
Improvements other than buildings	10
Furniture, fixtures and equipment	10
Software	3
Vehicles	5-10

**Deferred Outflows/Inflows**

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 Academy has bond issuance costs and a bond premium which qualify to be reported in this category. This amount is deferred and amortized over the life of the debt. Amortization is included as interest expense on the Statement of Activities.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Compensated Absences**

The Academy grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a “benefit year”). Teachers are eligible for up to seven days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not “rollover” any unused days for use in future benefit years. There is an opportunity for teachers to “cash out” unused days; however, teachers may only cash out if they have not used their seven eligible days by the end of the benefit year.

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

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

**Government-wide Fund Net Position**

Government-wide fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment (deficit) in capital assets for the year ending June 30, 2021, was (\$229,017).
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups, such as creditors, grantors, contributors, laws, or regulations of other governments, less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2021 was \$619,541.
- Unrestricted – all other net position is reported in this category.

**Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – 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). At June 30, 2021, the Academy had \$8,030 in non-spendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2021, the restricted fund balance was \$619,541.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy’s Board of Directors. At June 30, 2021, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the Academy’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2021, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the Academy’s general fund and includes all spendable amounts not contained in the other classifications.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Order of Fund Balance Spending Policy**

The Academy considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred, for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Academy has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds, and funds passed through the District. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the Academy.

**Revenue Sources**

Revenues for operations will be received primarily from the District School Board of Collier County (the "School Board") pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the Academy will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the Academy is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the Academy during the designated full-time equivalent student survey periods.

The Academy may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance 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. This activity is recorded in the Special Revenue Fund and Capital Outlay Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Income Taxes**

Gulf Coast Charter Academy South, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements. The Academy has evaluated its tax position for all open tax years and has not identified any uncertain tax positions prior to year ending June 30, 2018.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Subsequent Events**

The Academy has evaluated subsequent events and transactions for potential recognition or disclosure through August 31, 2021 which is the date the financial statements were available to be issued. See Note 14.

NOTE 3 - CASH DEPOSITS

All Academy deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the "Florida Security for Public Deposits Act". Under the act, all public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from fifty percent to one-hundred-twenty-five percent depending upon the depository's financial condition and the length of time the depository has been established. All collateral must be deposited with the State Treasurer. All bank balances of the Academy are fully insured or collateralized. At June 30, 2021, the carrying amount and the bank balance of the Academy's operating cash deposit accounts totaled \$2,772,838.

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Capital Assets				
Land	\$ 2,417,000	\$ -	\$ -	\$ 2,417,000
Building	5,291,836	-	-	5,291,836
Improvements other than building	453,010	205,159	-	658,169
Furniture, fixtures and equipment	657,654	7,625	-	665,279
Software	34,121	143,356	-	177,477
Vehicles	569,940	100,549	(95,501)	574,988
Total Capital Assets	<u>9,423,561</u>	<u>456,689</u>	<u>(95,501)</u>	<u>9,784,749</u>
Less Accumulated Depreciation				
Building	\$ (502,518)	\$ (159,025)	\$ -	\$ (661,543)
Improvements other than building	(86,927)	(56,171)	-	(143,098)
Furniture, fixtures and equipment	(455,887)	(48,064)	-	(503,951)
Software	(34,121)	(17,216)	-	(51,337)
Vehicles	(142,521)	(126,557)	30,242	(238,836)
Total Accumulated Depreciation	<u>\$(1,221,974)</u>	<u>\$ (407,033)</u>	<u>\$ 30,242</u>	<u>\$(1,598,765)</u>
Capital Assets, net	<u>\$ 8,201,587</u>	<u>\$ 49,656</u>	<u>\$ (65,259)</u>	<u>\$ 8,185,984</u>

For the year ended June 30, 2021, depreciation expense of \$407,033, of which \$280,476 was charged to the operation of plant function and \$126,557 to the transportation function in the statement of activities.

**GULF COAST CHARTER ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 5 - NOTES RECEIVABLE FROM OTHER CHARTER SCHOOLS**

In prior years, the Academy sold two buses to Parrish Charter Academy, a charter school of the District School Board of Manatee County, Florida, and a related party through common control, for a total of \$10,000 under two separate arrangements. The arrangements call for equal monthly non-interest bearing payments commencing September 2019 and ending August 2026.

In prior years, the Academy sold seven buses to Oak Creek Charter School of Bonita Springs (“Oak Creek”), a charter school of the District School Board of Lee County, Florida, and a related party through common control, for a total of \$28,000 under four separate arrangements. The arrangements call for equal monthly non-interest bearing payments commencing and ending at various dates from August 2020 through August 2026.

During the current year, the Academy sold a bus to Oak Creek for \$89,964 under a note receivable arrangement. The arrangement calls for equal non-interest bearing payments beginning January 21, 2021 and ending December 15, 2028.

The following schedule provides a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Repayments	Adjustments	Balance June 30, 2021
Due from Oak Creek	\$ 10,774	\$ 89,964	\$ (12,638)	\$ (2,500)	\$ 85,600
Due from Parrish Charter Academy	18,334	-	(1,904)	-	16,430
Notes receivable from other charter schools	<u>\$ 29,108</u>	<u>\$ 89,964</u>	<u>\$ (14,542)</u>	<u>\$ (2,500)</u>	<u>\$ 102,030</u>

Payments received under the above arrangements during the year totaled \$14,542 and are reported as other financing sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance. Adjustments related to the write-off of certain notes receivable are reported in the Academy’s Statement of Activities under the transportation function.

Future payments to be received are as follows:

Fiscal Year	Amount
2022	\$ 15,709
2023	15,709
2024	15,709
2025	15,709
2026	15,709
2027	14,996
2028	8,489
	<u>\$ 102,030</u>

**GULF COAST CHARTER ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 6 – LONG-TERM LIABILITIES

**Bonds Payable**

Bond payable as of June 30, 2021 are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Collier County Industrial Development Authority Educational Facilities Revenues Bonds (Gulf Coast Charter Academy South Project) Series 2017A	\$ 8,240,000	4.10 - 5.00	2047
Collier County Industrial Development Authority Educational Facilities Revenue Bonds (Gulf Coast Charter Academy South Project) Taxable Series 2017B	175,000	5.5	2022
Total bonds payable	\$ 8,415,000		

These bonds are issued by Collier County Development Authority on behalf of the Academy. These bonds are secured by the related subaccounts in the Reserve Account and Indenture. Interest payments are payable twice each year and principal payments are payable once annually. These bonds were issued in November 2017 to finance the acquisition, improvements, and related financing costs of the Academy's educational facilities.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
Collier County Industrial Development Authority Educational Facilities Revenue Bonds (Gulf Coast Charter Academy South Project)			
2022	\$ 567,760	\$ 160,000	407,760
2023	569,770	170,000	399,770
2024	567,068	175,000	392,068
2025	569,688	185,000	384,688
2026	567,000	190,000	377,000
2027 - 2031	2,834,458	1,085,000	1,749,458
2032 - 2036	2,827,000	1,380,000	1,447,000
2037 - 2041	2,815,750	1,760,000	1,055,750
2042 - 2046	2,803,125	2,245,000	558,125
2047 - 2048	1,118,875	1,065,000	53,875
	\$ 15,240,494	\$ 8,415,000	\$ 6,825,494

**GULF COAST CHARTER ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 6 - LONG TERM LIABILITIES (Continued)

**Bonds Payable (Continued)**

At June 30, 2021, the Academy was in compliance of debt covenants as follows:

<u>Cash on Hand</u>	
Cash on hand general fund	<u>\$ 2,773,338</u>
Total expenditures total governmental funds year ending June 30, 2021	\$ 6,533,932
Less capital outlay - facilities acquisition and constructions	<u>(456,689)</u>
Total expenditures total governmental funds less capital outlay - facilities acquisition and constructions	<u>\$ 6,077,243</u>
Cash requirement general fund at June 30, 2021	<u>\$ 998,999</u>
Excess cash on hand - general fund	<u>\$ 1,774,339</u>
<u>Debt Service Coverage Ratio</u>	
Excess of revenues over expenditures	\$ 282,927
Plus interest	415,408
Plus principal retirement	155,000
Plus capital outlay - facilities acquisition and constructions	<u>456,689</u>
Excess of revenues over expenditures	<u>\$ 1,310,024</u>
Debt service costs for year ending June 30, 2021	
Interest	\$ 415,408
Principal retirement	<u>155,000</u>
Total debt service costs for year ending June 30, 2021	<u>\$ 570,408</u>
Debt service ratio (excess of revenues over expenditures divided by total debt service costs for year ending June 30, 2021)	2.30

NOTE 7 – NOTE PAYABLE

In July 2020, the Academy received loan proceeds of \$582,571 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures on July 14, 2025 and bears interest of 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above. The note payable has been classified as long-term.

**GULF COAST CHARTER ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 7 – NOTE PAYABLE**

Below is a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Borrowings	Repayments	Balance June 30, 2021
Note payable - PPP	\$ -	\$ 582,571	\$ -	\$ 582,571

Subsequent to year-end, the Academy received approval for forgiveness of the full loan amount plus any accrued interest. Accordingly, the forgiveness will be reflected on the statement of activities in the fiscal year ending June 30, 2022.

**NOTE 8 - RETIREMENT PLAN**

The Academy established a defined contribution 401(k) plan covering all full-time employees of the Academy who have one year of service and are age twenty-one (21) or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Trustees is responsible for oversight of the Plan. The Investment Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's Board of Trustees. The employee may make an elective contribution known as a 401(k) contribution or salary deferral contribution. The Academy will make a required matching contribution to the Plan. For year ending June 30, 2021, the Academy contributed \$31,847 to the Plan.

**NOTE 9 – INTER-FUND TRANSFERS**

During fiscal year 2020, the General Revenue Fund transferred \$471,406 to help finance the Academy's principal and interest payments owed on long-term debt. These amounts of inter-fund transfers are netted together and are not reported in the statement of net position and the statement of activities.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

In July 2017, the Academy entered into an agreement to rent space to FORZA Child Development Center, Inc. for a Pre-K Program that is operated by the management company, FORZA Education Management, L.L.C. (FORZA). The rental agreement is for a term of three years, subject to extension by written agreement, and requires monthly payments of \$1,667 commencing July 12, 2017 while the space is being used. Rental income for the year ended June 30, 2021 totaled \$10,251 and is included in local and other revenue. Rental income was not charged for six months of the year as a result of COVID-19.

In addition, the Academy sold buses to a charter school with common board of directors and management. See Note 5.

**NOTE 11 - MANAGEMENT STRUCTURE**

All policy decisions, including the annual budget, are formulated by the Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain, and discharge the duties of the Academy to include adopting budgets; enter into contracts; adopt, publish, promulgate, and enforce rules and regulations; employ on behalf of the Academy; managers, independent contractors, and any other employees deemed necessary; and acquire, sell, operate, lease, manage, and otherwise trade and deal with property, real and personal.

**GULF COAST CHARTER ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 11 - MANAGEMENT STRUCTURE (Continued)**

On February 1, 2013, and as amended on May 22, 2013, the Academy entered into an agreement (the "Agreement") with FORZA Education Management, L.L.C. (FORZA), a Florida limited liability company, to facilitate the continuation of the Academy by performing certain functions relating to the provision of educational services and the management and operation of the Academy in accordance with enrollment, age, and grade level specifications for the Academy. Effective July 1, 2016, the Agreement was amended to clarify certain provisions of the contract. The Agreement may be terminated with cause by either party upon a sixty-day notice of material breach, as defined in the contract. The Agreement will automatically renew for a period equal to the charter school agreement extension with the District, unless written notice to terminate by either party is received one-year prior to the expiration date of the Agreement.

FORZA shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the Academy, 4) business administration of the Academy, and 5) installation of necessary technology. The annual management fee for these services is 14% of all sources of gross receipts of the Academy excluding borrowings undertaken by the Academy. During the year ended June 30, 2021, the Academy incurred management fees of \$944,855. At June 30, 2021, the Academy owed \$15,440 for fiscal year 2021 management fees, which are included in accounts payable.

**NOTE 12 – PROFESSIONAL SERVICES CONTRACT**

The Academy entered into an agreement with Building Hope Services to provide accounting services to the Academy. The contract, renewable annually, calls for an annual fee of \$100 per student based on enrollment at the beginning of the school year, payable in monthly installments. For the year ended June 30, 2021, the Academy incurred fees related to this agreement totaling \$67,699.

**NOTE 13 – GRANTS**

In the normal course of operations, the Academy receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

**NOTE 14 – RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the Academy carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The Academy does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

**NOTE 15 – SUBSEQUENT EVENTS**

The World Health Organization ("WHO") has declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the Academy cannot reasonably estimate the extent to which this disruption may continue to impact the Academy's financial statements and future results of operations.

The Academy's note payable under the Paycheck Protection Program was forgiven subsequent to year end. See Note 7.

REQUIRED SUPPLEMENTAL INFORMATION

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET**  
**AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local school district	\$ 5,414,179	\$ 5,763,878	\$ 5,763,878
Local and other revenue	134,540	197,488	197,488
<b>TOTAL REVENUES</b>	<b>\$ 5,548,719</b>	<b>\$ 5,961,366</b>	<b>\$ 5,961,366</b>
<b>EXPENDITURES</b>			
Instruction	\$ 2,697,050	\$ 2,877,400	\$ 2,877,400
Instructional support services	53,974	23,021	23,021
Instructional and curriculum	136,865	41,779	41,779
Instructional related technology	1,620	6,191	6,191
General administration	1,372,102	1,057,405	1,057,405
School administration	445,845	461,535	461,535
Central services	15,273	53,628	53,628
School Board	13,460	10,585	10,585
Operation of plant	400,000	332,630	332,630
Fiscal services	127,552	34,801	34,801
Administrative technology services	12,675	55,850	55,850
Transportation	36,599	5,095	5,095
Community services	6,807	15,190	15,190
Capital Outlay:			
Facilities acquisition and construction	23,849	132,965	132,965
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,343,671</b>	<b>\$ 5,108,075</b>	<b>\$ 5,108,075</b>
Change in fund balance before other financing sources	205,048	853,291	853,291
<b>OTHER FINANCING SOURCES</b>			
Proceeds from note payable- PPP	-	582,571	582,571
Payments received on notes receivable	-	14,542	14,542
Transfers out	-	(471,406)	(471,406)
<b>Total other financing sources</b>	<b>-</b>	<b>125,707</b>	<b>125,707</b>
Net change in fund balance	<u>\$ 205,048</u>	<u>\$ 978,998</u>	<u>\$ 978,998</u>

See accompanying note to the required supplemental information.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET**  
**AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Food service	\$ 12,815	\$ 353,283	\$ 353,283
Other federal programs	131,000	178,442	178,442
TOTAL REVENUES	<u>\$ 143,815</u>	<u>\$ 531,725</u>	<u>\$ 531,725</u>
EXPENDITURES			
Food services	\$ 12,815	\$ 353,283	\$ 353,283
Instructional support services	-	32,251	32,251
Instructional and curriculum	-	95,667	95,667
School administration	131,000	50,524	50,524
TOTAL EXPENDITURES	<u>\$ 143,815</u>	<u>\$ 531,725</u>	<u>\$ 531,725</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to the required supplemental information.

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET**  
**AND ACTUAL – DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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	Debt Service Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Local and other revenue	\$ 46	\$ 44	\$ 44
TOTAL REVENUES	<u>\$ 46</u>	<u>\$ 44</u>	<u>\$ 44</u>
EXPENDITURES			
Debt service	436,050	570,408	570,408
TOTAL EXPENDITURES	<u>\$ 436,050</u>	<u>\$ 570,408</u>	<u>\$ 570,408</u>
Change in fund balance before other financing sources	(436,004)	(570,364)	(570,364)
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>471,406</u>	<u>471,406</u>
Net change in fund balance	<u>\$ (436,004)</u>	<u>\$ (98,958)</u>	<u>\$ (98,958)</u>

See accompanying note to the required supplemental information

**GULF COAST CHARTER ACADEMY SOUTH, INC.**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The Academy's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2021, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue, and capital projects funds for which a legally adopted budget exists.

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



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*

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Board of Directors of  
Gulf Coast Charter Academy South, Inc.  
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gulf Coast Charter Academy South, Inc. (the “Academy”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and have issued our report thereon dated August 31, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy’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 Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 Academy'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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2021



## MANAGEMENT LETTER

Board of Directors of  
Gulf Coast Charter Academy South, Inc.  
Naples, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Gulf Coast Charter Academy South, Inc. (the “Academy”), a non-major component unit of the District School Board of Collier County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 31, 2021.

### **Auditor’s Responsibility**

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; 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated August 31, 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 findings and recommendations made in the preceding annual financial audit report.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 Gulf Coast Charter Academy South and 119034.

## **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 Academy 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 Academy 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 Academy. It is management's responsibility to monitor the Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the Academy's overall financial condition as of June 30, 2021 is not deteriorating.

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 findings.

## **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 Academy 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 Academy maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we 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 the School Board of Collier County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

August 31, 2021