

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
(A Component Unit of the Duval County
School Board, Florida)

Basic Financial Statements
and Additional Information
for the Year Ended June 30, 2021



**Seaside School Consortium, Inc.
d/b/a Seaside Charter North**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Charter North

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 Seaside School Consortium, Inc. d/b/a Seaside Charter North (the "School"), a component unit of the Duval County School Board, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2021, and the respective changes in financial position and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Seaside School Consortium, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Seaside School Consortium, Inc. as of June 30, 2021 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2021 in conformity with accounting principles generally accepted in the United States of America. 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 on pages 3 through 6 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 28, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



**Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Management's Discussion and Analysis
June 30, 2021**

As management of Seaside School Consortium, Inc. d/b/a Seaside Charter North (the "School"), a component unit of the Duval County School Board, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2021 with certain comparative information for 2020.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- The School's total assets exceeded its liabilities by \$ 410,726 (net position). This amount includes a net investment in capital assets of \$ 22,235 and unrestricted net position of \$ 388,491.
- The School's total revenues were \$ 2,867,362 including \$ 2,045,099 from grants and entitlements, \$ 351,729 from program revenues, and \$ 290,534 from miscellaneous revenues. The School's expenses for the year were \$ 2,098,602. Net position for the year increased by \$ 588,760.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the net position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 7 and 8 of this report.

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: 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 basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances. The General Fund and Special Revenue Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 14 of this report.

Fiduciary Fund: In addition, the School has one fiduciary fund which is used to act as an agent for funds raised and earned by the parent teacher organization and are not spent under the School's discretion.

The Fiduciary Fund financial statements can be found on pages 15 and 16 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 17 through 23 of this report.

Government-Wide Financial Analysis

The School's net position (deficit) was \$ 410,726 at June 30, 2021 and \$ (178,034) at June 30, 2020.

**Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Management's Discussion and Analysis
June 30, 2021**

Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

| Seaside School Consortium, Inc. d/b/a Seaside Charter North Net Position | | |
|--|--------------------------|--------------------------|
| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
| Assets: | | |
| Current assets | \$ 505,545 | \$ 118,472 |
| Noncurrent assets | <u>23,235</u> | <u>800</u> |
| Total assets | <u>528,780</u> | <u>119,272</u> |
| Liabilities: | | |
| Current liabilities | <u>118,054</u> | <u>297,306</u> |
| Total liabilities | <u>118,054</u> | <u>297,306</u> |
| Net Position: | | |
| Net investment in capital assets | 22,235 | 800 |
| Unrestricted (deficit) | <u>388,491</u> | <u>(178,834)</u> |
| Total net position (deficit) | <u>\$ 410,726</u> | <u>\$ (178,034)</u> |

Governmental Activities: The results of the year's operations for the School as a whole are reported in the statement of activities on page 8. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2021 and 2020:

| Seaside School Consortium, Inc. d/b/a Seaside Charter North Change in Net Position | | |
|--|--------------------------|--------------------------|
| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
| Revenues: | | |
| General revenues | \$ 2,335,633 | \$ 1,183,196 |
| Program revenues | <u>351,729</u> | <u>24,847</u> |
| Total revenues | <u>2,687,362</u> | <u>1,208,043</u> |
| Functions/Program Expenses: | | |
| Instruction | 1,224,249 | 628,998 |
| Instructional support services | 690,972 | 599,886 |
| Operation of noninstructional services | <u>183,381</u> | <u>97,316</u> |
| Total expenses | <u>2,098,602</u> | <u>1,326,200</u> |
| Change in net position (deficit) | <u>\$ 588,760</u> | <u>\$ (118,157)</u> |

**Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Management’s Discussion and Analysis
June 30, 2021**

Governmental Fund Expenditures: In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

| Functions/Programs | 2021 | | 2020 | |
|----------------------------------|---------------------|-------------|---------------------|-------------|
| | Expenditures | Percent | Expenditures | Percent |
| Governmental expenditures: | | | | |
| Instructional expenditures | \$ 1,224,249 | 58% | \$ 628,998 | 47% |
| Plant operations and maintenance | 340,620 | 16% | 352,540 | 27% |
| Administrative services | 306,434 | 14% | 189,101 | 14% |
| All other functions/programs | 248,734 | 12% | 156,361 | 12% |
| Total governmental expenditures | <u>\$ 2,120,037</u> | <u>100%</u> | <u>\$ 1,327,000</u> | <u>100%</u> |

Capital Assets and Debt Administration

Capital assets: At June 30, 2021, the School reported capital assets net of accumulated depreciation of \$ 22,235, compared to \$ 800 at June 30, 2020.

Debt administration: At June 30, 2021 and 2020, the School had no outstanding debt.

General Fund Budgetary Highlights

Total actual revenues were favorable to the budget by approximately \$ 432,000 due in large part to Florida Education Finance Program funding our school based on projected student count due to the nuances of the pandemic, and our Payroll Protection Program loan received and forgiven. Total actual expenditures were favorable to the budget by approximately \$ 19,000 due largely to the CARES Act Economic Relief Bill that covered some of the operational expenses incurred due to efforts to reduce the spread of COVID-19. See page 13 for budget and actual comparisons.

Economic Factors and Next Year’s Budget

When adopting the budget for the fiscal year 2021-22, the School expects maximum enrollment due to applications of interest creating a wait list of interested families. The School does however understand possible uncertainties and fluctuations in our enrollment due to the continued effects of the COVID pandemic.

Amounts available for appropriation are approximately \$ 2,541,000 which is an increase over the 2020-21 actual revenues of approximately \$ 2,336,000. Budgeted expenditures are expected to be approximately \$ 2,502,000, which is higher than the 2020-21 actual expenditures which were approximately \$ 1,768,000. It is also expected that revenues and respective expenses will be greater than the appropriated amount due to a second round of ESSER (Elementary and Secondary School Emergency Relief Fund) funds available to the School.

Requests for Information

If you have questions about this report or need additional information, please contact Seaside School Consortium, Inc.; 2865 Mayport Rd., Jacksonville, FL 32233.

BASIC FINANCIAL STATEMENTS

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Statement of Net Position
June 30, 2021

| | Governmental Activities |
|---|------------------------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 428,095 |
| Due from other governments | 67,521 |
| Prepaid items | <u>9,929</u> |
| Total current assets | <u>505,545</u> |
| Noncurrent Assets: | |
| Deposits | 1,000 |
| Capital assets, net of accumulated depreciation | <u>22,235</u> |
| Total noncurrent assets | <u>23,235</u> |
| Total assets | \$ <u><u>528,780</u></u> |
| Current Liabilities: | |
| Accounts payable and accrued expenses | \$ 12,810 |
| Salaries and wages payable | <u>105,244</u> |
| Total current liabilities | <u>118,054</u> |
| Total liabilities | <u>118,054</u> |
| Net Position: | |
| Net investment in capital assets | 22,235 |
| Unrestricted | <u>388,491</u> |
| Total net position | \$ <u><u>410,726</u></u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Statement of Activities
For the Year Ended June 30, 2021

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Governmental</u> |
|--------------------------------------|---------------------|-----------------------------|---|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Activities</u> |
| | | | | | <u>Net Revenue (Expense) and Change in Net Position</u> |
| Functions/Programs: | | | | | |
| Instruction | \$ 1,224,249 | \$ - | \$ 282,449 | \$ - | \$ (941,800) |
| Instructional staff training | 49,943 | - | 578 | - | (49,365) |
| School board | 15,410 | - | - | - | (15,410) |
| General administration | 100,697 | - | - | - | (100,697) |
| School administration | 284,999 | - | 11,131 | - | (273,868) |
| Fiscal services | 6,051 | - | - | - | (6,051) |
| Operation and maintenance of plant | 340,620 | - | 15,543 | - | (325,077) |
| Food services | 40,672 | - | 39,436 | - | (1,236) |
| Community services | 35,961 | - | 2,592 | - | (33,369) |
| | | | | | |
| Total governmental activities | <u>\$ 2,098,602</u> | <u>\$ -</u> | <u>\$ 351,729</u> | <u>\$ -</u> | <u>(1,746,873)</u> |
| | | | | | |
| General revenues: | | | | | |
| Grants and entitlements | | | | | 2,045,099 |
| Miscellaneous | | | | | <u>290,534</u> |
| | | | | | |
| Total general revenues | | | | | <u>2,335,633</u> |
| | | | | | |
| Change in net position | | | | | 588,760 |
| | | | | | |
| Net position (deficit), July 1, 2020 | | | | | <u>(178,034)</u> |
| | | | | | |
| Net position, June 30, 2021 | | | | | <u>\$ 410,726</u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Balance Sheet - Governmental Funds
June 30, 2021

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|--|-------------------------|-------------------------------------|-------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 428,095 | \$ - | \$ 428,095 |
| Due from other governments | - | 67,521 | 67,521 |
| Due from other funds | 67,521 | - | 67,521 |
| Prepaid items | 9,929 | - | 9,929 |
| Deposits | 1,000 | - | 1,000 |
| | <u>506,545</u> | <u>67,521</u> | <u>574,066</u> |
| Total assets | \$ <u>506,545</u> | \$ <u>67,521</u> | \$ <u>574,066</u> |
| Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 12,810 | \$ - | \$ 12,810 |
| Salaries and wages payable | 105,244 | - | 105,244 |
| Due to other funds | - | 67,521 | 67,521 |
| | <u>118,054</u> | <u>67,521</u> | <u>185,575</u> |
| Total liabilities | <u>118,054</u> | <u>67,521</u> | <u>185,575</u> |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Prepaid items | 9,929 | - | 9,929 |
| Deposits | 1,000 | - | 1,000 |
| Unassigned | 377,562 | - | 377,562 |
| | <u>388,491</u> | <u>-</u> | <u>388,491</u> |
| Total fund balances | <u>388,491</u> | <u>-</u> | <u>388,491</u> |
| Total liabilities and fund balances | \$ <u>506,545</u> | \$ <u>67,521</u> | \$ <u>574,066</u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**
June 30, 2021

Total Fund Balances - Governmental Funds \$ 388,491

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

| | | | |
|--|-----------|----------------|------------------------------|
| Cost of capital assets | \$ | 24,827 | |
| Accumulated depreciation | | <u>(2,592)</u> | <u>22,235</u> |
| Net Position of Governmental Activities | \$ | | <u><u>410,726</u></u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|--|-------------------------|-------------------------------------|-------------------|
| Revenues: | | | |
| Federal through state | \$ - | \$ 351,729 | \$ 351,729 |
| State sources | 2,045,099 | - | 2,045,099 |
| Local sources | 290,534 | - | 290,534 |
| | <u>2,335,633</u> | <u>351,729</u> | <u>2,687,362</u> |
| Total revenues | <u>2,335,633</u> | <u>351,729</u> | <u>2,687,362</u> |
| Expenditures: | | | |
| Instruction | 941,800 | 282,449 | 1,224,249 |
| Instructional staff training | 49,365 | 578 | 49,943 |
| School board | 15,410 | - | 15,410 |
| General administration | 100,697 | - | 100,697 |
| School administration | 295,303 | 11,131 | 306,434 |
| Fiscal services | 6,051 | - | 6,051 |
| Operation and maintenance of plant | 325,077 | 15,543 | 340,620 |
| Food services | 1,236 | 39,436 | 40,672 |
| Community services | 33,369 | 2,592 | 35,961 |
| | <u>1,768,308</u> | <u>351,729</u> | <u>2,120,037</u> |
| Total expenditures | <u>1,768,308</u> | <u>351,729</u> | <u>2,120,037</u> |
| Net change in fund balances | 567,325 | - | 567,325 |
| Fund Balances (Deficit), July 1, 2020 | <u>(178,834)</u> | <u>-</u> | <u>(178,834)</u> |
| Fund Balances, June 30, 2021 | <u>\$ 388,491</u> | <u>\$ -</u> | <u>\$ 388,491</u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

| | | | |
|---|----|----------------|-----------------------|
| Change in Fund Balances - Governmental Funds | | \$ | 567,325 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.</p> | | | |
| Expenditures for capital assets | \$ | 23,827 | |
| Provision for depreciation | | <u>(2,392)</u> | <u>21,435</u> |
| Change in Net Position of Governmental Activities | | \$ | <u><u>588,760</u></u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
**Statements of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2021**

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Favorable (Unfavorable) Variance</u> |
|------------------------------------|--|-------------------|---|
| Revenues: | | | |
| State sources | \$ 1,634,865 | \$ 2,045,099 | 410,234 |
| Local sources | <u>268,580</u> | <u>290,534</u> | <u>21,954</u> |
| Total revenues | <u>1,903,445</u> | <u>2,335,633</u> | <u>432,188</u> |
| Expenditures: | | | |
| Instruction | 977,382 | 941,800 | 35,582 |
| Instructional staff training | 56,500 | 49,365 | 7,135 |
| School board | 15,000 | 15,410 | (410) |
| General administration | 81,689 | 100,697 | (19,008) |
| School administration | 275,914 | 295,303 | (19,389) |
| Fiscal services | 5,900 | 6,051 | (151) |
| Operation and maintenance of plant | 309,295 | 325,077 | (15,782) |
| Food services | 23,000 | 1,236 | 21,764 |
| Community services | <u>42,129</u> | <u>33,369</u> | <u>8,760</u> |
| Total expenditures | <u>1,786,809</u> | <u>1,768,308</u> | <u>18,501</u> |
| Net change in fund balance | <u>\$ 116,636</u> | <u>\$ 567,325</u> | <u>\$ 450,689</u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Statement of Revenues and Expenditures -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2021

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Favorable (Unfavorable) Variance</u> |
|------------------------------------|--|----------------|---|
| Revenues: | | | |
| Federal sources: | | | |
| CSP Grant | \$ - | \$ 284,306 | \$ 284,306 |
| National School Lunch Program | 15,000 | 39,436 | 24,436 |
| CARES Act Relief | - | 27,987 | 27,987 |
| | <u>15,000</u> | <u>351,729</u> | <u>336,729</u> |
| Total revenues | <u>15,000</u> | <u>351,729</u> | <u>336,729</u> |
| Expenditures: | | | |
| Instruction | - | 282,449 | (282,449) |
| Instructional staff training | - | 578 | (578) |
| School administration | - | 11,131 | (11,131) |
| Operation and maintenance of plant | - | 15,543 | (15,543) |
| Food services | 15,000 | 39,436 | (24,436) |
| Community services | - | 2,592 | (2,592) |
| | <u>15,000</u> | <u>351,729</u> | <u>(336,729)</u> |
| Total expenditures | <u>15,000</u> | <u>351,729</u> | <u>(336,729)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Statement of Fiduciary Net Position
June 30, 2021

| | Parent Teacher Organization Fund |
|---------------------------|---|
| Assets: | |
| Cash and cash equivalents | \$ <u>427</u> |
| Total assets | \$ <u><u>427</u></u> |
| Liabilities | \$ <u>-</u> |
| Net Position: | |
| Restricted | <u>427</u> |
| Total net position | \$ <u><u>427</u></u> |

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

Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

| | Parent Teacher Organization Fund |
|------------------------------------|---|
| Additions: | |
| Contributions | \$ <u>323</u> |
| Total additions | <u>323</u> |
| Deductions | <u>-</u> |
| Net change in net position | 323 |
| Net Position, July 1, 2020 | <u>104</u> |
| Net Position, June 30, 2021 | \$ <u><u>427</u></u> |

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

Note 1 - Organization and Operations

Seaside School Consortium, Inc. d/b/a Seaside Charter North (the "School"), a component unit of the Duval County School Board, Florida, was established in July 2019 as a public charter school to serve students from kindergarten to fifth grade in Duval County. Seaside School Consortium, Inc. (the "Company") is a Florida nonprofit corporation organized in February 1996. There were 214 students enrolled for the 2020/2021 school year.

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the Company as of June 30, 2021, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring Duval County School Board. The current charter is effective until June 30, 2022 and may be renewed in increments of five years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the Duval County School Board.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

The School also reports separately the following fiduciary fund type:

Parent Teacher Organization Fund - This fund is a custodial fund used to administer funds raised and earned by the parent teacher organization.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statements are prepared on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subject to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts at one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Note 2 - Summary of Significant Accounting Policies (continued)

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Revenue recognition: Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a pro-rata basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated property and equipment are valued at the acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

| | |
|-----------------------------------|---------|
| Furniture, fixtures and equipment | 5 years |
|-----------------------------------|---------|

Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicated that portion of net position that is available to fund future operations.

Fund balance: The School has implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* - amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions or by enabling legislation.
- *Committed fund balance* - amounts constrained to specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- *Assigned fund balance* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Board.
- *Unassigned fund balance* - amounts that have not been restricted, committed, or assigned for a specific purpose within the General Fund. Positive amounts are only reported in the General Fund.

Note 2 - Summary of Significant Accounting Policies (continued)

The School uses restricted amounts to be spent first when both restricted or unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

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

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Date of management review: Subsequent events were evaluated by management through September 28, 2021, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2021, the carrying amount of the deposits and cash on hand totaled \$ 428,522, with a bank balance of \$ 486,545.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 4 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2021 are as follows:

| | Balance at July 1, 2020 | Additions | Deletions | Balance at June 30, 2021 |
|--------------------------------------|-------------------------------|------------------|-------------|--------------------------------|
| Capital assets, depreciable: | | | | |
| Furniture, fixtures and equipment | \$ 1,000 | \$ 23,827 | \$ - | \$ 24,827 |
| Total capital assets, depreciable | <u>1,000</u> | <u>23,827</u> | <u>-</u> | <u>24,827</u> |
| Accumulated depreciation: | | | | |
| Furniture, fixtures and equipment | <u>200</u> | <u>2,392</u> | <u>-</u> | <u>2,592</u> |
| Total accumulated depreciation | <u>200</u> | <u>2,392</u> | <u>-</u> | <u>2,592</u> |
| Net capital assets | <u>\$ 800</u> | <u>\$ 21,435</u> | <u>\$ -</u> | <u>\$ 22,235</u> |

Note 4 - Capital Assets

Provision for depreciation was charged to governmental activities as follows:

| | |
|-----------------------|-----------------|
| School administration | \$ <u>2,392</u> |
|-----------------------|-----------------|

Note 5 - Due from Related Party

The School is related to Seaside Charter Beach (“Beach”), as they are also governed under the same Board of Directors and are both divisions of the Company. At June 30, 2021, the School had an amount due to Beach amounting to \$ 3,951, which represents expenses paid by Beach on behalf of the School. This amount is included in accounts payable in the accompanying financial statements.

Note 6 - Lease Agreement

The School entered into a facility lease effective July 1, 2020 through June 30, 2030. The future rent payments are based on FTE count with set increases through June 30, 2024. For the year ended June 30, 2021, the base rent was \$ 500 per FTE, using 199 as the FTE count. Beginning July 1, 2023, base rent uses a base FTE of 385. Beginning July 1, 2024, base rent increases by 2% each year and continues to use a base FTE of 385. If actual FTE exceeds 385 then the base rent will be adjusted upwards. Total rent expense for the year ended June 30, 2021 amounted to \$ 136,500, which includes the lease termination fee of the previous agreement.

The following is a schedule of the School’s future rent payments as of June 30, 2021:

| Year Ending June 30, | |
|-------------------------|---------------------|
| 2022 | \$ 219,000 |
| 2023 | 300,000 |
| 2024 | 416,000 |
| 2025 | 424,000 |
| 2026 | 433,000 |
| Thereafter | <u>1,819,000</u> |
| | <u>\$ 3,611,000</u> |

Note 7 - Employee Benefit Plan

The School sponsors the Seaside Charter School Retirement Plan (the “Plan”), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. All eligible employees may contribute up to an annual maximum pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes amounts to the Plan at the discretion of the Board of Directors. The School made no contributions to the Plan during the year ending June 30, 2021.

Note 8 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits since the School's inception.

Note 9 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the School's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

Note 10 - Paycheck Protection Program

During the year, the School executed a promissory note for \$ 242,480 under the Paycheck Protection Program ("PPP") as authorized by the Coronavirus, Aid, Relief, and Economic Security Act (the "CARES Act. Loans provided through the PPP have been guaranteed through a nonexchange financial guarantee provided by the U.S. Small Business Administration. Under Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, a governmental entity should continue to report a loan until that entity is legally released from the debt. Effective April 14, 2021, the SBA granted the School full forgiveness/legal release of this loan; therefore, an inflow of resources is presented within miscellaneous revenue and local sources section in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances, respectively.

OTHER INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Duval County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Seaside School Consortium, Inc. d/b/a Seaside Charter North (the "School"), a component unit of the Duval County School Board, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2021

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Charter North
Duval County, Florida

Report on the Financial Statements

We have audited the financial statements of the Seaside School Consortium, Inc. d/b/a Seaside Charter North (the "School"), a component unit of the Duval County School Board, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 28, 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 September 28, 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 audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Seaside School Consortium, Inc. d/b/a Seaside Charter North and 165711.

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Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855 (11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)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 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 Duval County and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2021