

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MONROE COUNTY DISTRICT SCHOOL BOARD**  
**BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Big Pine Elementary Academy, Inc.  
Big Pine Key, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Big Pine Elementary Academy, Inc., (the "School"), a component unit of the Monroe County District School Board, 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 an opinion 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 and the general fund of Big Pine Elementary Academy, Inc., 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 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 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 Big Pine Elementary Academy, Inc.'s internal control over financial reporting and compliance.



November 5, 2021

# BIG PINE ACADEMY

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The management of the Big Pine Academy (School), a component of the Monroe County District School Board, has prepared the following discussion and analysis to (a) assist the reader in interpreting the significant financial and educational issues that occurred throughout the previous year, (b) provide an overview and analysis of the Big Pine Academy's financial activities, and (c) identify changes in the school's financial position with regard to increasing instructional costs. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight certain activities, provide additional detail to specific events and conditions, all to be considered in conjunction with the School's, financial statements, which will immediately follow this discussion.

### Overview of the Basic 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 financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Financial Statements:** The government-wide financial statements, which consist of the statement of net position and the statement of activities, 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 financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a government entity, the School's activities are not geared towards generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education must be considered in order to reasonably assess the School's overall performance.

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.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School has only one (1) category of funds – governmental funds.

Government funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental

## Management Discussion and Analysis

funds financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the School's near term financing requirements.

Because the focus of governmental funds is narrower than that of 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

**Notes to the Basic Financial Statements:** the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results.

### Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Variance</u>
<b>Assets:</b>			
Current and other assets	\$ 170,422	\$ 217,472	\$ (47,050)
Capital assets, net of depreciation	<u>2,263</u>	<u>3,862</u>	<u>(1,599)</u>
Total assets	<u>172,685</u>	<u>221,334</u>	<u>(48,649)</u>
<b>Liabilities:</b>			
Current liabilities	140,390	122,354	18,036
Noncurrent liabilities	<u>12,166</u>	<u>249,517</u>	<u>(237,351)</u>
Total liabilities	<u>152,556</u>	<u>371,871</u>	<u>(219,315)</u>
<b>Net Position:</b>			
Net investment in capital assets	2,263	3,862	(1,599)
Unrestricted	<u>17,866</u>	<u>(154,399)</u>	<u>172,265</u>
Total net position	<u>\$ 20,129</u>	<u>\$ (150,537)</u>	<u>\$ 170,666</u>

Current and other assets decreased due to a decrease in cash from using the Paycheck Protection Program loan proceeds, and a decrease in prepaid expenses. The decrease in total liabilities is due to the forgiveness of the Paycheck Protection Program loan.

A portion of the School's net position reflects its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources that are subject to external restrictions on how they may be used are classified as restricted net position. As of June 30, 2021 and 2020, the School had no restricted net position. The remaining unrestricted balance may be used in any of the School's ongoing operations.

## Management Discussion and Analysis

The following table presents comparative information of the condensed government-wide statements of changes in net position:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Variance</u>
<b>Revenues:</b>			
State and local sources	\$ 1,178,944	\$ 1,212,120	\$ (33,176)
Operating grants and contributions	245,443	54,560	190,883
Interest and rent	218	5,270	(5,052)
Fundraising	4,216	36,265	(32,049)
	<u>1,428,821</u>	<u>1,308,215</u>	<u>120,606</u>
<b>Expenses:</b>			
Instruction	725,610	755,633	(30,023)
Pupil personnel services	156,010	77,849	78,161
School administration	220,912	246,410	(25,498)
Food service	20,887	18,083	2,804
Transportation	570	12,233	(11,663)
Operation and maintenance of facilities	125,214	141,785	(16,571)
Fundraising	7,353	25,101	(17,748)
Depreciation	1,599	1,760	(161)
	<u>1,258,155</u>	<u>1,278,854</u>	<u>(20,699)</u>
Change in net position	<u>\$ 170,666</u>	<u>\$ 29,361</u>	<u>\$ 141,305</u>

- State and local source revenues decreased primarily due to a decrease in funding with Federally Connected Student Supplement funding from the Florida Department of Education (FLDOE) as a result of a net decrease in total enrolled students.
- Operating grants and contributions increased primarily because the Payroll Protection Program loan was forgiven.
- Fundraising revenues decreased due to limited fundraising events because of COVID-19.
- Instruction decreased because of the school closure due to COVID-19.
- Pupil personnel services increased due to an increase in ESE teachers.
- School administration expenses decreased due to less repairs and maintenance.
- Operation and maintenance of facilities decreased due to the ending of leasing of short term facilities.

### Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental fund is to provide information on near term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements.

As of the end of the fiscal year ending June 30, 2021 the School's governmental fund reported an ending fund balance of \$63,083. The fund balance – unassigned is \$61,934. The fund balance decreased by \$69,466.

### Capital Assets and Debt Administration

As of June 30, 2021, the School had an investment in capital assets, net of accumulated depreciation of \$2,263, compared to \$3,862 at June 30, 2020.

## Management Discussion and Analysis

At June 30, 2021, the School had a \$75,000 line of credit with a local bank with an outstanding balance of \$0. In addition, the School received a Paycheck Protection Program loan and the outstanding balance of \$205,393 was forgiven at year end.

### **Accomplishments and Year in Review**

COVID-19 presented several challenges beginning with campus closures in the spring. The entire school engaged in online learning the last quarter of the 2019-2020 school year. PK3-5th grade were involved in daily online teacher lead lessons and activities. The staff participated in several professional development courses to adapt to the new normal of distance learning. All staff members including teachers and support staff played a vital role in staying connected with the students' families and helping to meet their educational needs. Although there was a loss in revenue from having no self-pay services such as PK3, aftercare, or Eagle's Nest, no one's pay was interrupted during the campus closure.

In August of 2020 we implemented our staggered reopening plan with the goal to have all students back on campus with in person learning. As reconstruction from Hurricane Irma was being completed for the main office and our 3 primary classrooms, the newly renovated space was imperative for limiting class size and to maintain social distancing. The reopening plan included following CDC guidelines for safely reopening schools and keeping them open. A new category of expenditures was created to supply ample PPE for all staff and students, and improve our standard cleaning and disinfecting procedures. The staff and students quickly adapted to the new normal and the willingness of all stakeholders to keep the school open and our community healthy was unprecedented.

In utilizing our unique open campus, smaller class sizes, and diligent watch of student and staff health, we completed the school year with little interruption due to quarantining. The community was appreciative of the effort and dedication to have the school open and offering in person learning for all students. As one of the only schools able to offer uninterrupted class schedules of Monday-Friday school, our student population increased.

With the unforeseen future of COVID-19's impact on public education and funding, we took steps to increase enrollment and decrease expenditures. Our campus continues to grow as we continually look to provide a high quality educational experience to each and every student. It is obvious that the impact of the pandemic will be noticed for years to come, and it is our goal to continue to make up for loss academically, mentally, and financially.

### **Requests for Information**

This financial report is designed to provide a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to: Sarah Williams, BPA Executive Administrator, 30220 Overseas Highway, Big Pine Key, FL 33043



**BIG PINE ELEMENTARY ACADEMY, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	149,698
Accounts receivable		19,575
Prepaid expenses		1,149

<b>Total current assets</b>		170,422
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**Noncurrent assets**

**Capital assets**

Improvements		10,652
Furniture and equipment		56,829
Less accumulated depreciation		(65,218)

<b>Total capital assets, net</b>		2,263
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<b>Total assets</b>		\$ 172,685
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**LIABILITIES AND NET POSTITION**

**Current liabilities**

Accounts payable	\$	5,997
Accrued wages		101,342
Compensated absences, due within one year		33,051

<b>Total current liabilities</b>		140,390
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**Noncurrent liabilities**

Compensated absences, due in more than one year		12,166
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<b>Total current liabilities</b>		12,166
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<b>Total liabilities</b>		152,556
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**Net position**

Net investment in capital assets		2,263
Unrestricted		17,866

<b>Total net position</b>		20,129
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The accompanying notes are an integral part of these financial statements.

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Revenues</u>				<b>Governmental</b>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<b>Activities</b>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<b>Net (Expenses)</b>
			<u>Contributions</u>	<u>Contributions</u>	<b>Revenue</b>
					<b>and Changes in</b>
					<b>Net Position</b>
<b>Governmental Activities:</b>					
Instruction	\$ 725,610	\$ -	\$ -	\$ -	\$ (725,610)
Pupil personnel services	156,010				(156,010)
School administration	220,912				(220,912)
Food service	20,887				(20,887)
Fundraising expense	7,353		4,216		(3,137)
Transportation	570				(570)
Operation and maintenance of facilities	125,214				(125,214)
Depreciation	1,599				(1,599)
<b>Total Governmental Activities</b>	<u>\$ 1,258,155</u>	<u>\$ -</u>	<u>\$ 4,216</u>	<u>\$ -</u>	(1,253,939)

**GENERAL REVENUES:**

State and Local Sources	1,178,944
Contributions and Other Sources	40,268
Forgiveness of debt- Paycheck Protection Program	205,393
Total general revenues	<u>1,424,605</u>

**CHANGE IN NET POSITION**

<b>NET DEFICIT, BEGINNING</b>	(150,537)
<b>NET POSITION, ENDING</b>	<u>\$ 20,129</u>

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

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**BALANCE SHEET**  
**GENERAL FUND**  
**JUNE 30, 2021**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	149,698
Accounts receivable		19,575
Prepaid expenses		1,149

<b>Total current assets</b>		170,422
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<b>Total assets</b>	\$	170,422
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**LIABILITIES AND FUND EQUITY**

**Current liabilities**

Accounts payable	\$	5,997
Accrued wages		101,342

<b>Total current liabilities</b>		107,339
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**Fund equity**

Nonspendable		1,149
Unassigned		61,934

<b>Total fund equity</b>		63,083
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<b>Total liabilities and fund equity</b>	\$	170,422
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**Reconciliation of the governmental funds balance sheet to the statement of net position**

<b>Total fund balance – governmental funds</b>	\$	63,083
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities which are not due and payable in the current period, and therefore, are not reported in the governmental fund:

Compensated absences		(45,217)
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		2,263
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<b>Total net position – governmental activities</b>	\$	20,129
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The accompanying notes are an integral part of these financial statements.

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Revenues**

Program revenues	\$ 1,182,664
Fundraising income	4,216
Interest income	217
Community support	36,331
	1,223,428
<b>Total revenues</b>	<b>1,223,428</b>

**Expenditures**

Instruction	761,948
School administration	220,912
Pupil personnel services	156,010
Food service	20,887
Fundraising expense	7,353
Transportation	570
Operation and maintenance of facilities	125,214
	1,292,894
<b>Total expenditures</b>	<b>1,292,894</b>

<b>Net change in fund balance</b>	(69,466)
<b>Fund balance, beginning of year</b>	132,549
<b>Fund balance, end of year</b>	\$ 63,083

**Reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balance to the statement of activities**

<b>Net change in fund balance</b>	\$ (69,466)
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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 these assets is capitalized net of accumulated depreciation of \$1,599	(1,599)
Debt issued in the prior year and forgiven in the current year is reported within the general revenues in the statement of activities but was recognized previously in the statement of revenues, expenditures and change in fund balances	205,393
Some expenses do not use current financial resources and, therefore, are not reported as expenditures in governmental funds	
Compesated absences	36,338
	36,338

<b>Change in net position of governmental activities</b>	<b>\$ 170,666</b>
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The accompanying notes are an integral part of these financial statements.

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 1 – Organization and Operations**

**Reporting entity:** Big Pine Elementary Academy, Inc. (the “School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 228.056, Florida Statutes, to provide all students with a safe and nurturing school environment and enriching and challenging mastery learning curriculum containing the skills, content knowledge and character development for quality and equitable student outcomes and to help all students become successful life-long learners and responsible, informed citizens of the 21<sup>st</sup> century. The governing body of the School is the not-for-profit corporation’s Board of Directors, which is composed of not less than three members. The School’s charter started March 12, 2007 and operations began August, 2007.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district and is a component unit of the Monroe County District Board (the “District”). The current charter is effective until June 30, 2022.

Criteria for determining if other entities are potential component units of the School which should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**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 School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide statements:** The School’s basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School’s activities are classified as governmental activities.

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

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: charges for services which report fees, operating grants and contributions which finance annual operating activities and 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.

**Fund financial statements:** Fund financial statements are provided for governmental funds. The operation of 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, specific revenue and capital project funds are reported as separate columns in the fund financial statements:

**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.

**Capital projects fund** – This fund is 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 School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) Codification of Accounting and Financial Reporting Guidelines.

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (continued)**

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 the Governmental Accounting Standards Board (GASB) Codification Section 1600 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 fiscal 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 School considers revenues to be available if they are collected within 90 days of the year end. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for service 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.

**Budgetary basis of accounting:** 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.

**Cash and cash equivalents:** The School considers all demand accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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

**Receivables:** Certain receivables for student services are presented on the statement of net position net of an allowance for doubtful accounts based on the School’s assessment of collectability. As of June 30, 2021, the School considers all remaining receivables to be collectible within one year and no allowances have been recorded.

Any bad debts are expensed in the period in which they are determined to be uncollectible.

**Capital assets:** Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Capital assets are defined by the School as assets with a cost of \$1,000 or more and a useful life of over one year. Donated capital assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed asset. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Furniture, fixtures and equipment	3 – 10 years
Playground equipment	3 – 10 years
Motor vehicles	5 years
Improvements other than building	5 years
Building improvements	15 years

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to 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 net position will sometimes report a separate section for deferred inflows of resources. The 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.

**Compensated absences:** The School’s policy permits employees to accumulate earned but unused paid time off. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those

**BIG PINE ELEMENTARY ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (continued)**

amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

**Net position classification:** *Government-wide financial statements*

Net position is divided into three components:

**Net investment in capital assets** – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to 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) imposed by law through constitutional provisions or enabling legislation. There are no restricted net assets as of year-end.

**Unrestricted** – indicates that portion of net position that is available to fund future operations and that do not meet the definition of “restricted” or “net investment in capital assets”.

**Fund balance classification:** *Fund financial statements*

The School follows the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 54, “Fund Balance, Reporting and Governmental Fund Type Definitions”. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based on the extent to which the School is bound by constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The following describe how the relative fund balances are classified as follows:

**Nonspendable** – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

**Restricted** – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

**Committed** – Amounts that can only be used for specific purposes because of formal action (resolution or ordinance) by the government’s highest level of decision-making authority.

**Assigned** – Amounts that are constrained by the School’s intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

**Unassigned** – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed, or assigned.

The School uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, when the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would first use committed fund balance, followed by assigned fund balance and lastly unassigned fund balance.

**Revenue Sources:** Revenues for current operations are received primarily from the Monroe County District School Board pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent (FTE) students and related data to the District. The District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School 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 School during the designated full-time equivalent student survey periods.

**BIG PINE ELEMENTARY ACADEMY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Income Tax Status:** The School is a nonprofit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The School has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii). The School has no excise or unrelated business income taxes in the twelve months ended June 30, 2021.

The federal income tax returns for the tax years ended June 30, 2021, 2020, 2019 and 2018 are subject to examination by the taxing Authority.

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

**Date of management review:** Subsequent events were evaluated by management through November 5, 2021, which is the date the financial statements were available to be issued.

**Note 3 – Deposits and Investments**

At June 30, 2021, the carrying amount of the School’s deposits and cash on hand totaled \$149,698, with a bank balance of \$149,772.

The bank balances were first covered by federal depository insurance and for any amount in excess of such federal depository insurance, by the State of Florida’s Security of Public Deposits Act. Subject to certain exemptions, State statutes require, and it is the School’s policy, that certain 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 reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess its members of the pool should the need arise. The School’s deposits are held in qualified public depositories. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2021. At June 30, 2021, the School did not have any balances held in financial institutions exceeding federally insured balances.

**Note 4 – Schedule of Revenue Sources**

The following is a schedule of revenue sources and amounts:

Monroe County District School Board: Florida Education Finance Program	\$ 1,053,899
VPK/3 year old revenue	116,090
PTO fundraising	4,216
Gifts, grants, bequests	48,277
After school program	729
Interest Income	217
 Total revenue sources	 \$ 1,223,428

The administrative fee paid to the District during the year ended June 30, 2021 totaled \$20,309, which is reflected as a school administrative expenditure in the accompanying statement of activities.



**BIG PINE ELEMENTARY ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 5 - Changes in Capital Assets**

The following table provides a summary of changes in capital assets:

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance June 30, 2021</b>
Capital assets				
Furniture and fixtures	\$ 7,368	\$ -	\$ -	\$ 7,368
Equipment	49,461	-	-	49,461
Improvements	10,652	-	-	10,652
Total capital assets	67,481	-	-	67,481
Accumulated depreciation:				
Furniture and fixtures	6,873	457	-	7,330
Equipment	46,899	1,070	-	47,969
Improvements	9,847	72	-	9,919
Total accumulated depreciation	63,619	1,599	-	65,218
Capital assets, net	<u>\$ 3,862</u>	<u>\$ (1,599)</u>	<u>\$ -</u>	<u>\$ 2,263</u>

**Note 6 – Line of Credit**

The School had a line of credit agreement of \$75,000 with a local bank, with an interest rate of 4.75% at year end. The line of credit was unsecured, was payable on demand and matures July 18, 2022. As of June 30, 2021, the amount outstanding for the line of credit was \$0.

**Note 7 – SBA – Paycheck Protection Program**

In April 2020, the school executed a promissory note for \$205,393 under the Paycheck Protection Program (the “PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). This loan’s interest rate was 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs if the School maintains certain employment levels during a specified period of time. If the Small Business Administration (“SBA”) confirms full forgiveness of the unpaid balance of the note, the School’s obligation under this arrangement will be deemed fully satisfied. The School remains obligated to repay to the lender any amount not forgiven, which will mature on the 2<sup>nd</sup> anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the school does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. During the fiscal year 2021, the School applied for and received forgiveness. As a result, the loan forgiveness is included in general revenue on the Statement of Activities as of June 30, 2021.

**Note 8 – Long-term Liabilities**

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

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance June 30, 2021</b>	<b>Due Within One Year</b>	<b>Due More Than One Year</b>
Compensated absences	\$ 81,555	\$ 28,748	\$ 65,086	\$ 45,217	\$ 33,051	\$ 12,166
Total long term liabilities	<u>\$ 81,555</u>	<u>\$ 28,748</u>	<u>\$ 65,086</u>	<u>\$ 45,217</u>	<u>\$ 33,051</u>	<u>\$ 12,166</u>

**BIG PINE ELEMENTARY ACADEMY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**Note 9 – Commitments and Contingencies**

**Lease commitments:** The School entered into a lease agreement in September 2011 to lease modular facilities placed on location at 30220 Overseas Highway in Big Pine Key, Florida. The modular facilities were destroyed in Hurricane Irma. In August 2018, the School entered into a new agreement to lease two modular facilities for a three year lease term, renewable on request. For the year ended June 30, 2021, the amount paid by the School for the use of the facilities was \$45,180.

The District provides facilities for classroom and administrative space at 30220 Overseas Highway in Big Pine Key, Florida at no charge to the School.

Estimated future minimum lease payments are as follows:

<u>Year ended June 30,</u>	
2022	<u>\$ 7,530</u>

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

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the School's financial position and operations. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

**Note 10 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, employee health, workers' compensation and natural disasters, excluding hurricanes, for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past three years. In addition, there were no reductions in insurance coverage from those in the prior year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BIG PINE ELEMENTARY ACADEMY, INC.  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
FEFP/FTE	\$ 1,020,000	\$ 1,020,000	\$ 1,053,899	\$ 33,899
VPK/3 year old revenue	100,000	100,000	116,090	16,090
Grants/Donations	20,000	20,000	40,546	20,546
After school program	12,000	12,000	104	(11,896)
Miscellaneous revenue	8,450	8,450	12,789	4,339
Rental income	4,800	4,800	-	(4,800)
<b>Total revenues</b>	<b>1,165,250</b>	<b>1,165,250</b>	<b>1,223,428</b>	<b>58,178</b>
<b>Expenditures</b>				
<b>Instruction:</b>				
Salaries	616,500	616,500	656,921	(40,421)
Benefits and taxes	57,750	57,750	80,951	(23,201)
Miscellaneous	-	-	245	(245)
Other purchased services	-	-	957	(957)
Supplies	20,400	20,400	22,874	(2,474)
<b>Pupil personnel services</b>				
Education services	26,000	26,000	24,820	1,180
Salaries	113,000	113,000	99,546	13,454
Benefits and taxes	10,500	10,500	31,644	(21,144)
Supplies & miscellaneous	600	600	0	600
<b>School Administration:</b>				
Salaries	143,400	143,400	125,704	17,696
Benefits and taxes	15,750	15,750	30,917	(15,167)
Fundraising expense	-	-	7,353	(7,353)
Insurance	30,000	30,000	12,237	17,763
Equipment rental	-	-	548	(548)
Professional and technical services	17,000	17,000	45,772	(28,772)
Supplies & miscellaneous	5,900	5,900	5,734	166
<b>Operation of plant:</b>				
Salaries	19,000	19,000	28,640	(9,640)
Benefits and taxes	-	-	2,285	(2,285)
Insurance	-	-	18,183	(18,183)
Leased portables	45,000	45,000	45,180	(180)
Other purchased services	-	-	1,200	(1,200)
Supplies & miscellaneous	3,200	3,200	5,104	(1,904)
Utilities	46,000	46,000	24,622	21,378

**BIG PINE ELEMENTARY ACADEMY, INC.  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Food service:</b>				
Salaries	18,000	18,000	19,406	(1,406)
Benefits and taxes	-	-	1,126	(1,126)
Supplies	1,000	1,000	-	1,000
Miscellaneous	1,550	1,550	355	1,195
<b>Pupil transportation</b>	<u>23,200</u>	<u>23,200</u>	<u>570</u>	<u>22,630</u>
<b>Total expenditures</b>	<u>1,213,750</u>	<u>1,213,750</u>	<u>1,292,894</u>	<u>(79,144)</u>
<b>Excess of revenues over expenditures</b>	<u>\$ (48,500)</u>	<u>\$ (48,500)</u>	(69,466)	<u>\$ (20,966)</u>
<b>Fund balance, beginning of year</b>			<u>132,549</u>	
<b>Fund balance, end of year</b>			<u>\$ 63,083</u>	

**SUPPLEMENTAL INDEPENDENT AUDITOR 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 of  
Big Pine Elementary Academy, Inc.,  
Big Pine Key, Florida

We have audited, 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, the financial statements of the governmental activities and the general fund of Big Pine Elementary Academy, Inc., a component unit of the Monroe County District School Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Big Pine Elementary Academy, Inc.'s basic financial statements and have issued our report thereon dated November 5, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in a separate letter dated November 5, 2021 as Finding 2021-01, Finding 2021-02, and Finding 2021-03 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in separate letter dated November 5, 2021, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

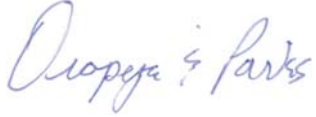
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in a separate letter November 5, 2021 as Finding 2021-04 to be a significant deficiency.

**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 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 do not 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.

A handwritten signature in blue ink that reads "Oropya & Parks". The signature is written in a cursive, flowing style.

November 5, 2021





**OROPEZA  
& PARKS**  
Certified Public Accountants

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*John G. Parks, Jr., CPA - retired*

Scott G. Oropeza, CPA, PA  
James H. Hill, Jr., CPA, PLLC

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

To the Board of Directors of  
Big Pine Elementary Academy, Inc.  
Big Pine Key, Florida

**Report on Financial Statements**

We have audited the financial statements of the Big Pine Elementary Academy, Inc., as of and for the fiscal year ended June 30, 2021 and have issued our report thereon dated November 5, 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 Reports**

We have issued our Independent Auditor's Report and 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 those reports, which are dated November 5, 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. Corrective actions have been taken to address findings and recommendation made in the preceding annual financial audit report, except as noted in Finding 2021-01 as noted below.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Big Pine Elementary Academy, Inc.

**Financial Condition**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires that us to apply appropriate procedures and communicate whether or not Big Pine Elementary Academy, Inc. 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 Big Pine Elementary Academy, Inc., 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 Big Pine Elementary Academy, Inc. It is management's responsibility to monitor the Big Pine Elementary Academy, Inc.'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 address in the management letter any recommendations to improve financial management. In connection with our audit, we provide the following:

**Finding 2021-01**

During our search for unrecorded liabilities, we noted an invoice for services performed during the year ending June 30, 2021 that was not recorded in accounts payable. Proper cutoffs are critical for the accuracy of the accrual basis of accounting. We recommend the School implement accounting policies and procedures that ensure proper cutoff of expenses. **This is a repeating comment on Finding 2020-01, Finding 2019-01 and Finding 2018-01.**

**Finding 2021-02**

During our search for subsequent receipts we noted a large deposit and two smaller deposits relating to reimbursed expenses for the year ending June 30, 2021 that were not recorded in accounts receivable at year end. We recommend that the Organization implement accounting policies and procedures that ensure proper cutoff of receipts.

**Finding 2021-03**

During our audit additional time was spent on accounts that required significant audit adjustment. Financial statements may be materially misstated if accounts are not tied to correct supporting documentation. Time should be taken to analyze work papers for correctness and completeness and in reviewing the transactions and accounts within the Quick Books file for any appropriate cleanup at year end. We recommend a checklist be created and followed to ensure accounts are being reviewed and adjusted accordingly as well as making sure work papers are complete and reconciled to the trial balance.

**Finding 2021-04**

A review of the general ledger noted an increase of debit card transactions. An inquiry about controls over debit card usage, noted usage of card by employee other than the card holder for various purchases. Further review noted controls are less than best practices as receipts are kept in a folder, but are not checked against the bank statement when reconciling. We recommend all receipts for debit card purchases be reconciled in conjunction with the reconciling of the monthly bank statement to ensure that all debit card purchases are approved and accounted for.

**Transparency**

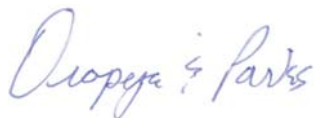
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether Big Pine Elementary Academy, Inc. maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Big Pine Elementary Academy, Inc. did not maintain on its website all of 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 Monroe County District School Board and is not intended to be and should not be used by anyone other than these specified parties.



November 5, 2021