

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

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

JUNE 30, 2023

GULF COAST CHARTER ACADEMY SOUTH, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

TABLE OF CONTENTS

	PAGES
General Information.....	1
 BASIC FINANCIAL STATEMENTS	
Independent Auditor’s Report.....	2-4
Management’s Discussion and Analysis (not covered by Independent Auditor’s Report).....	5-9
 Basic Financial Statements	
<i>Government-wide Financial Statement:</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
 <i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	15
<i>Notes to Basic Financial Statements</i>	16-26
 Required Supplemental Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund.....	27
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Special Revenue Fund.....	28
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Debt Service Fund.....	29
<i>Notes to Required Supplemental Information</i>	30
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 <i>Government Auditing Standards</i>	31-32
Management Letter.....	33-34

GULF COAST CHARTER ACADEMY SOUTH, INC.

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

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

2022-2023

BOARD OF DIRECTORS

Mr. Mark McCabe, President
Mrs. Helen Deitrich, Vice President
Ms. Gwen DaPaore

ACADEMY ADMINISTRATION

Mr. William Staros, Executive Director
Ms. Brittany Fangmeier, Principal
Ms. Karen Ochoa, Assistant Principal
Ms. Kelly Salmons, Assistant Principal



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gulf Coast Charter Academy South, Inc. (the "Academy"), a charter school and a component unit of the District School Board of Collier County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 9 and budgetary comparison information on pages 27 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023 on our consideration of the Academy’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy’s internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2023

Management’s Discussion and Analysis
Gulf Coast Charter Academy South, Inc.
June 30, 2023

The corporate officers of Gulf Coast Charter Academy South, Inc. (the “Academy”) have prepared this narrative overview and analysis of the Academy’s financial activities for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

1. At year-end, the Academy had current assets of \$2,681,610.
2. At year-end, the Academy’s net position was \$5,265,217 and its fund balance was \$5,019,119.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Academy’s basic financial statements. The Academy’s financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

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

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

Prior to the start of the Academy's fiscal year, the Board of the Academy adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the Academy's governmental funds to demonstrate compliance with the Academy's budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of the Academy's financial position. A summary of the Academy's net position as of June 30, 2023 and 2022 follows:

	<u>Net Position</u>	
	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 1,314,816	\$ 3,314,801
Restricted cash	605,487	619,571
Investments	2,860,560	-
Due from other agencies	707,397	187,976
Prepaid expenses	-	85,676
Deposits receivable and other assets	7,580	7,580
Notes receivable from charter schools	231,808	74,422
Capital assets, net	7,825,106	7,913,340
Deferred outflows of resources, net	186,684	233,399
Total Assets	<u>\$ 13,739,438</u>	<u>\$ 12,436,765</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 389,221	\$ 265,281
Bonds payable	8,085,000	8,255,000
Total Liabilities	<u>8,474,221</u>	<u>8,520,281</u>
Net investment in capital assets	(259,894)	(341,660)
Restricted for debt service	605,487	619,571
Unrestricted	4,919,624	3,638,573
Total Net Position	<u>\$ 5,265,217</u>	<u>\$ 3,916,484</u>
Total Liabilities and Net Position	<u>\$ 13,739,438</u>	<u>\$ 12,436,765</u>

At June 30, 2023, the Academy's total assets and deferred outflows of resources were \$13,739,438 and total liabilities were \$8,474,221. At June 30, 2023, the Academy reported a total net position of \$5,265,217.

A summary and analysis of the Academy's revenues and expenses for the years ended June 30, 2023 and 2022 follows:

REVENUES	<u>2023</u>	<u>2022</u>
Program Revenues		
Federal programs	\$ 537,427	\$ 1,065,750
State capital outlay funding	363,999	336,566
Charges for services	417,128	253,253
General Revenues		
FEFP nonspecific revenue	6,976,284	5,951,801
Gain on forgiveness of Paycheck Protection Program	-	582,571
Gain on sale of assets	154,123	-
Local and other revenue	689,860	155,248
Interest income	19,219	157
Total Revenues	<u>\$ 9,158,040</u>	<u>\$ 8,345,346</u>
 EXPENSES		
Instruction	\$ 3,340,720	\$ 3,051,564
Instructional support services	383,269	390,299
Food services	326,286	316,598
General administration	1,259,177	1,257,251
School administration	615,097	573,311
Central services	60,237	47,695
School Board	19,049	11,578
Operation of plant	955,473	774,577
Fiscal services	29,636	27,913
Transportation	253,066	212,388
Community services	24,921	13,699
Interest on long-term debt	496,356	493,278
Change in fair value of investments	46,020	-
Total Expenses	<u>\$ 7,809,307</u>	<u>\$ 7,170,151</u>
Change in Net Position	1,348,733	1,175,195
Net Position at Beginning of Year	3,916,484	2,741,289
Net Position at End of Year	<u>\$ 5,265,217</u>	<u>\$ 3,916,484</u>

The Academy's total revenues for the year ended June 30, 2023 were \$9,158,040, while its total expenses were \$7,809,307 for a net increase of \$1,348,733. During the year ended June 30, 2023, the Academy recorded revenue of \$622,775 related to the Employee Retention Tax Credit, recorded in other revenue. The Academy also received referendum funding during 2022-2023 from the District of \$665,537. The Academy's net position at year-end totaled \$5,265,217.

SCHOOL LOCATION

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

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

For the year ended June 30, 2023, the Academy's governmental funds reported a combined change in fund balance of \$1,148,796 and reported a combined fund balance at year-end of \$5,019,119.

CAPITAL ASSETS

The Academy's investment in capital assets, as of June 30, 2023, amounts to \$7,825,106 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, fixtures, and equipment.

BOND PAYABLE

In November 2017, the Academy issued tax-exempt revenue bonds for \$8,430,000 (Series 2017A) and \$415,000 (Series 2017B), which are secured by their related reserve and indenture subaccounts. The bonds were issued to finance the acquisition, improvements, and related financing costs of the Academy's educational facilities. Bonds payable at June 30, 2023 totaled \$8,085,000.

GOVERNMENTAL FUND BUDGET ANALYSIS

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State passed through local school district	\$ 5,831,942	\$ 5,831,942	\$ 6,976,284	1,144,342
State Capital outlay funding	353,325	353,325	363,999	10,674
Federal programs	662,128	662,128	537,427	(124,701)
Food service	10,000	10,000	54,783	44,783
Local and other revenue	291,120	291,120	1,071,424	780,304
TOTAL REVENUES	\$ 7,148,515	\$ 7,148,515	\$ 9,003,917	
EXPENDITURES				
Instruction	\$ 3,200,397	\$ 3,200,397	\$ 3,340,720	(140,323)
Instructional support services	387,055	387,055	383,269	3,786
Food services	461,888	461,888	326,286	135,602
General administration	1,178,819	1,178,819	1,259,177	(80,358)
School administration	538,797	538,797	615,097	(76,300)
Central services	40,200	40,200	60,237	(20,037)
School Board	10,700	10,700	19,049	(8,349)
Operation of plant	460,521	460,521	574,056	(113,535)
Fiscal services	-	-	29,636	(29,636)
Transportation	96,576	96,576	138,535	(41,959)
Community services	6,807	6,807	24,921	(18,114)
Capital Outlay	-	506,095	506,095	-
Debt service	571,635	571,635	580,838	(9,203)
	\$ 6,953,395	\$ 7,459,490	\$ 7,857,916	
Change in fund balance before other financing sources	195,120	(310,975)	1,146,001	
OTHER FINANCING SOURCES				
Payments received on notes receivable	-	-	48,815	(48,815)
Change in fair value of investments	-	-	(46,020)	46,020
Total other financing sources	-	-	2,795	
NET CHANGE IN FUND BALANCE	\$ 195,120	\$ (310,975)	\$ 1,148,796	

At the time of the final budget approval, the Academy was not aware of the total Referendum revenue that would be received from Collier County totaling \$665,537 or of the Employee Retention Tax Credit to be received of \$622,775. Therefore, these revenues were not included in the final budget.

REQUESTS FOR INFORMATION

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

GULF COAST CHARTER ACADEMY SOUTH, INC,
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,314,816
Restricted cash	605,487
Due from other agencies	707,397
Notes receivable from other charter schools - current portion	53,910
TOTAL CURRENT ASSETS	2,681,610
CAPITAL ASSETS, NET	
Nondepreciable capital assets	2,417,000
Depreciable capital assets, net of accumulated depreciation	5,408,106
TOTAL CAPITAL ASSETS, NET	7,825,106
Investments	2,860,560
Notes receivable from other charter schools - long-term portion	177,898
Deposits receivable	7,580
TOTAL ASSETS	13,552,754
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on bond issuance, net of amortization	186,684
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,739,438
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 35,197
Accrued payroll and related expenses	318,634
Accrued interest payable	35,390
Bonds payable, current portion	175,000
TOTAL CURRENT LIABILITIES	564,221
Bonds payable, long-term portion	7,910,000
TOTAL LIABILITIES	8,474,221
NET POSITION	
Invested in capital assets, net of related debt	(259,894)
Restricted for debt service	605,487
Unrestricted	4,919,624
TOTAL NET POSITION	5,265,217
TOTAL LIABILITIES AND NET POSITION	\$ 13,739,438

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 3,340,720	\$ -	\$ 131,279	\$ -	\$ (3,209,441)
Instructional support services	383,269	-	24,743	-	(358,526)
Food services	326,286	54,783	366,361	-	94,858
General administration	1,259,177	-	-	-	(1,259,177)
School administration	615,097	-	-	-	(615,097)
Central services	60,237	-	-	-	(60,237)
School Board	19,049	-	-	-	(19,049)
Operation of plant	955,473	20,004	11,674	363,999	(559,796)
Fiscal services	29,636	-	-	-	(29,636)
Transportation	253,066	-	3,370	-	(249,696)
Community services	24,921	342,341	-	-	317,420
Interest on long-term debt	496,356	-	-	-	(496,356)
Total Governmental Activities	\$ 7,763,287	\$ 417,128	\$ 537,427	\$ 363,999	\$ (6,444,733)
GENERAL REVENUES:					
					6,976,284
					154,123
					689,860
					(46,020)
					19,219
					<u>7,793,466</u>
					1,348,733
					<u>3,916,484</u>
					<u>\$ 5,265,217</u>

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 1,219,168	\$ 95,648	\$ -	\$ 1,314,816
Restricted cash	-	-	605,487	605,487
Investments	2,860,560	-	-	2,860,560
Due from other agencies	622,775	84,622	-	707,397
Deposits	7,580	-	-	7,580
Due from other funds	82,017	-	122,890	204,907
TOTAL ASSETS	<u>\$ 4,792,100</u>	<u>\$ 180,270</u>	<u>\$ 728,377</u>	<u>\$ 5,700,747</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 35,197	\$ -	\$ 87,500	\$ 122,697
Accrued payroll and related expenses	318,634	-	-	318,634
Accrued interest payable	-	-	35,390	35,390
Due to other funds	122,890	82,017	-	204,907
TOTAL LIABILITIES	<u>476,721</u>	<u>82,017</u>	<u>122,890</u>	<u>681,628</u>
FUND BALANCE				
Nonspendable				
Deposits and prepaid expenses	7,580	-	-	7,580
Restricted	-	98,253	605,487	703,740
Unassigned	4,307,799	-	-	4,307,799
TOTAL FUND BALANCE	<u>4,315,379</u>	<u>98,253</u>	<u>605,487</u>	<u>5,019,119</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,792,100</u>	<u>\$ 180,270</u>	<u>\$ 728,377</u>	<u>\$ 5,700,747</u>

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds	\$ 5,019,119
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	7,825,106
Deferred outflow of resources are reported as a result of changes in fair value of deferred amounts on bond issuance costs in the statement of net position.	186,684
Receivables from other charter schools in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	231,808
Long-term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.	(8,085,000)
Matured principal payable is due in the current period and, therefore, is reported as a fund liability.	<u>87,500</u>
Total Net Position - Governmental Activities	<u><u>\$ 5,265,217</u></u>

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
REVENUES					
State passed through local school district	\$ 6,976,284	\$ -	\$ -	\$ 363,999	\$ 7,340,283
National School Lunch Program	-	366,361	-	-	366,361
Federal programs	-	171,066	-	-	171,066
Food service	-	54,783	-	-	54,783
Local and other revenue:					
Child care	342,341	-	-	-	342,341
Other	709,864	-	-	-	709,864
Interest income	18,572	-	647	-	19,219
TOTAL REVENUES	\$ 8,047,061	\$ 592,210	\$ 647	\$ 363,999	\$ 9,003,917
EXPENDITURES					
Current:					
Instruction	\$ 3,209,441	\$ 131,279	\$ -	\$ -	\$ 3,340,720
Instructional support services	358,526	24,743	-	-	383,269
Food services	-	326,286	-	-	326,286
General administration	1,259,177	-	-	-	1,259,177
School administration	615,097	-	-	-	615,097
Central services	60,237	-	-	-	60,237
School Board	19,049	-	-	-	19,049
Operation of plant	198,383	11,674	-	363,999	574,056
Fiscal services	29,636	-	-	-	29,636
Transportation	138,535	-	-	-	138,535
Community services	24,921	-	-	-	24,921
Capital Outlay:					
Facilities acquisition and construction	506,095	-	-	-	506,095
Debt service:					
Principal retirement	-	-	170,000	-	170,000
Interest	-	-	410,838	-	410,838
TOTAL EXPENDITURES	\$ 6,419,097	\$ 493,982	\$ 580,838	\$ 363,999	\$ 7,857,916
Excess (deficiency) of revenues over expenditures	1,627,964	98,228	(580,191)	-	1,146,001
OTHER FINANCING SOURCES					
Payments received on notes receivable	48,815	-	-	-	48,815
Change in fair value of investments	(46,020)	-	-	-	(46,020)
Transfers (out) in	(566,107)	-	566,107	-	-
Total other financing sources	(563,312)	-	566,107	-	2,795
NET CHANGE IN FUND BALANCE	1,064,652	98,228	(14,084)	-	1,148,796
Fund balance at beginning of year	3,250,727	25	619,571	-	3,870,323
Fund balance at end of year	<u>\$ 4,315,379</u>	<u>\$ 98,253</u>	<u>\$ 605,487</u>	<u>\$ -</u>	<u>\$ 5,019,119</u>

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Change in Fund Balance - Governmental Funds	\$ 1,148,796
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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 those assets is allocated over their estimated useful lives as depreciation expense and any sale or disposal is recorded as a gain or loss.

Capital outlays	506,096
Depreciation expense	(495,949)

Notes receivable and collections of notes receivable reduces long-term assets in the statement of net position, but is reported as an other financing source in the governmental funds. This is the amount of collections in the current period.	(48,815)
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Proceeds from issuance of long-term debt are reported as other financing sources in the governmental funds. However, in the statement of net position the amount of funds borrowed is reported as an increase in notes payable.	154,123
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Repayment of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.	170,000
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Governmental funds report the effect of debt issuance costs, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of deferred outflows	(85,518)
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Change in Net Position of Governmental Activities	\$ 1,348,733
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The accompanying notes are an integral part of this financial statement.

**GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

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

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

These financial statements are for the year ended June 30, 2023, when 635 students were enrolled in grades Kindergarten through 8th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Academy’s accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

The Academy utilizes the following major governmental funds:

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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. Also, accounts for internal funds (if any), which are used to administer monies collected in connection with student athletics, class and club activities.

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

Capital Projects Fund – accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes mainly for capital outlay including construction or lease of school facilities, capital equipment and additions to existing schools.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis of Accounting

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

The Academy has not adopted a formal deposit and investment policy that limits the Academy's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government mutual funds. The Academy follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, Fair Value Measurement and Application, and other related standards which establish accounting and financial reporting standards for all investments (see Note 3).

Inter-Fund Transfers

Inter-fund receivables/payables ("Due from/to) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources.

Capital Assets and Depreciation

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

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

GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has bond issuance costs and a bond premium which qualify to be reported in this category. This amount is deferred and amortized over the life of the debt. Amortization is included as interest expense on the Statement of Activities.

Compensated Absences

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

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

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment (deficit) in capital assets for the year ending June 30, 2023, was (\$259,894).
- Restricted net position – consists of net assets with constraints placed on their use either by external groups, such as creditors, grantors, contributors, laws, or regulations of other governments, less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2023 was \$605,487.
- Unrestricted – all other net position is reported in this category.

GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the Academy had \$7,580 in non-spendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, the restricted fund balance was \$703,740.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy’s Board of Directors. At June 30, 2023, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the Academy’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2023, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the Academy’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

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

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

Revenue Sources

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

The Academy may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Special Revenue Fund and Capital Outlay Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Gulf Coast Charter Academy South, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements. The Academy has evaluated its tax position for all open tax years and has not identified any uncertain tax positions prior to year ending June 30, 2019.

Use of Estimates

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

Subsequent Events

The Academy has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2023 which is the date the financial statements were available to be issued.

Adopted Accounting Standards

The Government Accounting Standards Board ("GASB") has issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective beginning July 1, 2022 for the Academy. The implementation of the Statement did not have an effect on the Academy financial statements for the year ended June 30, 2023.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

All Academy deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the "Florida Security for Public Deposits Act". Under the act, all public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from fifty percent to one-hundred-twenty-five percent depending upon the depository's financial condition and the length of time the depository has been established. All collateral must be deposited with the State Treasurer. All bank balances of the Academy are fully insured or collateralized. At June 30, 2023, the carrying amount and the bank balance of the Academy's operating cash deposit accounts was approximately \$1,400,000.

The Academy follows the Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs. At June 30, 2023, the School had \$2,900,000 invested in a governmental mutual fund that primarily invests in U.S. government securities and bonds that have been valued by the fund as Level 1. As of June 30, 2023, maturities of the fund's portfolio holdings are greater than 30 days and have therefore been recorded at fair value, which was \$2,860,560.

GULF COAST CHARTER ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital Assets				
Land	\$ 2,417,000	\$ -	\$ -	\$ 2,417,000
Building	5,291,836	-	-	5,291,836
Improvements other than building	752,536	12,750	-	765,286
Furniture, fixtures and equipment	694,861	24,041	-	718,902
Software	240,302	-	-	240,302
Vehicles	574,988	469,304	(298,541)	745,751
Total Capital Assets	<u>9,971,523</u>	<u>506,095</u>	<u>(298,541)</u>	<u>10,179,077</u>
Less Accumulated Depreciation				
Building	\$ (820,567)	\$ (187,204)	\$ -	\$ (1,007,771)
Improvements other than building	(214,904)	(75,552)	-	(290,456)
Furniture, fixtures and equipment	(554,050)	(49,935)	-	(603,985)
Software	(114,828)	(68,727)	-	(183,555)
Vehicles	(353,834)	(114,531)	200,161	(268,204)
Total Accumulated Depreciation	<u>\$ (2,058,183)</u>	<u>\$ (495,949)</u>	<u>\$ 200,161</u>	<u>\$ (2,353,971)</u>
Capital Assets, net	<u>\$ 7,913,340</u>	<u>\$ 10,146</u>	<u>\$ (98,380)</u>	<u>\$ 7,825,106</u>

For the year ended June 30, 2023, depreciation expense totaled \$495,949, of which \$381,418 was charged to the operation of plant function and \$114,531 to the transportation function in the statement of activities.

NOTE 5 - NOTES RECEIVABLE FROM OTHER CHARTER SCHOOLS

The Academy has sold three buses to Parrish Charter Academy, a charter school of the District School Board of Manatee County, Florida, and a related party through common control, under three separate arrangements. The arrangements call for equal monthly non-interest bearing payments commencing and ending at various dates from September 2019 through December 2030.

The Academy has sold buses to Oak Creek Charter School of Bonita Springs (“Oak Creek”), a charter school of the District School Board of Lee County, Florida, and a related party through common control, under four separate arrangements. The arrangements call for equal monthly non-interest bearing payments commencing and ending at various dates from August 2020 through December 2030.

The following schedule provides a summary of changes for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Repayments	Balance June 30, 2023
Due from Oak Creek	\$ 60,848	\$ 136,201	\$ (42,029)	\$ 155,020
Due from Parrish Charter Academy	13,574	70,000	(6,786)	76,788
Notes receivable from other charter schools	<u>\$ 74,422</u>	<u>\$ 206,201</u>	<u>\$ (48,815)</u>	<u>\$ 231,808</u>

**GULF COAST CHARTER ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 - NOTES RECEIVABLE FROM OTHER CHARTER SCHOOLS (Continued)

Payments received under the above arrangements during the year totaled \$27,608 and are reported as other financing sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance. Adjustments related to the write-off of certain notes receivable are reported in the Academy’s Statement of Activities under the transportation function.

Future payments to be received are as follows:

Fiscal Year	Amount
2023	\$ 53,910
2024	47,709
2025	42,140
2026	34,382
2027	22,000
Thereafter	31,667
	<u>\$ 231,808</u>

NOTE 6 – LONG-TERM LIABILITIES

Bonds Payable

Bond payable as of June 30, 2023 are as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Collier County Industrial Development Authority Educational Facilities Revenues Bonds (Gulf Coast Charter Academy South Project) Series 2017A	\$ 8,085,000	4.10 - 5.00	2047
Collier County Industrial Development Authority Educational Facilities Revenue Bonds (Gulf Coast Charter Academy South Project) Taxable Series 2017B	-	5.5	2022
Total bonds payable	<u>\$ 8,085,000</u>		

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

**GULF COAST CHARTER ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 6 - LONG TERM LIABILITIES (Continued)
Bonds Payable (Continued)**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Collier County Industrial Development Authority Educational Facilities Revenue Bonds (Gulf Coast Charter Academy South Project)			
2024	\$ 567,068	\$ 175,000	\$ 392,068
2025	569,688	185,000	384,688
2026	567,000	190,000	377,000
2027	569,005	200,000	369,005
2028	565,703	205,000	360,703
2029 - 2033	2,829,500	1,190,000	1,639,500
2034 - 2038	2,826,875	1,525,000	1,301,875
2039 - 2043	2,806,125	1,935,000	871,125
2044 - 2048	2,802,000	2,480,000	322,000
	<u>\$ 14,102,964</u>	<u>\$ 8,085,000</u>	<u>\$ 6,017,964</u>

At June 30, 2023, the Academy was in compliance of debt covenants as follows:

<u>Cash on Hand</u>	
Cash and investments on hand general fund	<u>\$ 4,079,728</u>
Total expenditures total governmental funds year ending June 30, 2023	\$ 7,857,916
Less capital outlay - facilities acquisition and constructions	<u>(506,095)</u>
Total expenditures total governmental funds less capital outlay - facilities acquisition and constructions	<u>\$ 7,351,821</u>
Cash requirement general fund at June 30, 2023	<u>\$ 1,208,519</u>
Excess cash on hand - general fund	<u>\$ 2,871,209</u>
<u>Debt Service Coverage Ratio</u>	
Excess of revenues over expenditures	\$ 1,146,001
Plus interest	410,838
Plus principal retirement	170,000
Plus capital outlay - facilities acquisition and constructions	<u>506,095</u>
Excess of revenues over expenditures	<u>\$ 2,232,934</u>
Debt service costs for year ending June 30, 2023	
Interest	\$ 410,838
Principal retirement	170,000
Total debt service costs for year ending June 30, 2023	<u>\$ 580,838</u>
Debt service ratio (excess of revenues over expenditures divided by total debt service costs for year ending June 30, 2023)	3.84

**GULF COAST CHARTER ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7 – EMPLOYEE RETENTION TAX CREDIT

During the year ended June 30, 2023, the Academy applied for the Employee Retention Tax Credit (ERTC). The ERTC was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in March 2020 to help businesses retain employees. Eligible businesses could receive a quarterly refundable payroll tax credit. The Academy applied for and was approved for a credit of \$622,775. As a result, the Academy has recorded income of \$622,775 on the statement of activities and statement of changes in fund balance. The amount is also included in due from other agencies as of June 30, 2023 and was received in full subsequent to year-end.

NOTE 8 - RETIREMENT PLAN

The Academy established a defined contribution 401(k) plan covering all full-time employees of the Academy who have one year of service and are age twenty-one (21) or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Board of Trustees is responsible for oversight of the Plan. The Investment Committee determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's Board of Trustees. The employee may make an elective contribution known as a 401(k) contribution or salary deferral contribution. The Academy will make a required matching contribution to the Plan. For year ending June 30, 2023, the Academy contributed \$40,187 to the Plan.

NOTE 9 – INTER-FUND TRANSFERS

During fiscal year 2023, the General Revenue Fund transferred \$566,107 to help finance the Academy's principal and interest payments owed on long-term debt.

NOTE 10 - RELATED PARTY TRANSACTIONS

In July 2017, the Academy entered into an agreement to rent space to FORZA Child Development Center, Inc. for a Pre-K Program that is operated by the management company, FORZA Education Management, L.L.C. (FORZA). The rental agreement is for a term of three years, subject to extension by written agreement, and requires monthly payments of \$1,667 commencing July 12, 2017 while the space is being used. Rental income for the year ended June 30, 2023 totaled \$20,004 and is included in local and other revenue.

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

NOTE 11 - MANAGEMENT STRUCTURE

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

**GULF COAST CHARTER ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 11 - MANAGEMENT STRUCTURE (Continued)

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

FORZA shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the Academy, 4) business administration of the Academy, and 5) installation of necessary technology. The annual management fee for these services is 14% of all sources of gross receipts of the Academy excluding borrowings undertaken by the Academy. During the year ended June 30, 2023, the Academy incurred management fees of \$1,146,860.

NOTE 12 – PROFESSIONAL SERVICES CONTRACT

The Academy entered into an agreement with Building Hope Services to provide accounting services to the Academy. The contract, renewable annually, calls for an annual fee of \$100 per student based on enrollment at the beginning of the school year, payable in monthly installments. For the year ended June 30, 2023, the Academy incurred fees related to this agreement totaling \$61,894.

NOTE 13 – GRANTS

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

NOTE 14 – RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

GULF COAST CHARTER ACADEMY SOUTH, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 5,831,942	\$ 5,831,942	\$ 6,976,284
Local and other revenue	291,120	291,120	1,070,777
TOTAL REVENUES	\$ 6,123,062	\$ 6,123,062	\$ 8,047,061
EXPENDITURES			
Instruction	\$ 3,016,320	\$ 3,016,320	\$ 3,209,441
Instructional support services	368,155	368,155	358,526
General administration	1,178,819	1,178,819	1,259,177
School administration	538,797	538,797	615,097
Central services	40,200	40,200	60,237
School Board	10,700	10,700	19,049
Operation of plant	98,046	98,046	198,383
Fiscal services	-	-	29,636
Transportation	96,576	96,576	138,535
Community services	6,807	6,807	24,921
Capital Outlay:			
Facilities acquisition and construction	-	506,095	506,095
TOTAL EXPENDITURES	\$ 5,354,420	\$ 5,860,515	\$ 6,419,097
Change in fund balance before other financing sources	768,642	262,547	1,627,964
OTHER FINANCING SOURCES			
Payments received on notes receivable	-	-	48,815
Change in fair value of investments	-	-	(46,020)
Transfers out, net	(571,584)	(571,635)	(566,107)
Total other financing sources	(571,584)	(571,635)	(563,312)
Net change in fund balance	\$ 197,058	\$ (309,088)	\$ 1,064,652

See accompanying note to the required supplemental information.

GULF COAST CHARTER ACADEMY SOUTH, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
National School Lunch Program	\$ 450,000	\$ 450,000	\$ 366,361
Food service	10,000	10,000	54,783
Other federal programs	212,128	212,128	171,066
TOTAL REVENUES	<u>\$ 672,128</u>	<u>\$ 672,128</u>	<u>\$ 592,210</u>
EXPENDITURES			
Instruction	184,077	184,077	131,279
Instructional support services	18,900	18,900	24,743
Food services	461,888	461,888	326,286
Operation of plant	9,150	9,150	11,674
TOTAL EXPENDITURES	<u>674,015</u>	<u>674,015</u>	<u>493,982</u>
Net change in fund balance	<u>\$ (1,887)</u>	<u>\$ (1,887)</u>	<u>\$ 98,228</u>

See accompanying note to the required supplemental information.

GULF COAST CHARTER ACADEMY SOUTH, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Local and other revenue	\$ 51	\$ 51	\$ 647
TOTAL REVENUES	<u>51</u>	<u>51</u>	<u>647</u>
EXPENDITURES			
Debt service	571,635	571,635	580,838
TOTAL EXPENDITURES	<u>571,635</u>	<u>571,635</u>	<u>580,838</u>
Change in fund balance before other financing sources	(571,584)	(571,584)	(580,191)
OTHER FINANCING SOURCES			
Transfers in from general fund	571,584	571,584	566,107
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,084)</u>

See accompanying note to the required supplemental information

GULF COAST CHARTER ACADEMY SOUTH, INC.
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The Academy's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Gulf Coast Charter Academy South, Inc. (the "Academy") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated August 30, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2023



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Gulf Coast Charter Academy South, Inc. (the "Academy"), a non-major component unit of the District School Board of Collier County, Florida, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated August 30, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated August 30, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Gulf Coast Charter Academy South and 119034.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Academy. It is management's responsibility to monitor the Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the Academy's overall financial condition as of June 30, 2023 is not deteriorating.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2023