

**Expressions Learning
Arts Academy, Inc.**

A component unit of the Alachua County District School Board

Financial Statements
And
Independent Auditors' Reports

June 30, 2021

KATTELL AND COMPANY, P.L.

Certified Public Accountants Serving the Nonprofit Community

**808-B NW 16th Avenue
Gainesville, Florida 32601
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FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
JUNE 30, 2021
EXPRESSIONS LEARNING ARTS ACADEMY, Inc.
A component unit of the Alachua County District School Board

Contents

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis (MD&A)	2
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Governmental Fund Financial Statements:	
Balance Sheet	7
Reconciliation of the Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	10
Notes to the Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund.....	16
ADDITIONAL ELEMENTS:	
Communication with Those Charged with Governance.....	17
Management Letter	18
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Expressions Learning Arts Academy, Inc.

September 15, 2021

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Expressions Learning Arts Academy, Inc. (the School), a component unit of the Alachua 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 the 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.

Auditors' Responsibility.

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2021, and the respective changes in financial position thereof 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 management's discussion and analysis and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021, on our consideration of the School's internal control over financial reporting (internal control) and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance.

Kattell and Company, P.L.

Management's Discussion and Analysis
June 30, 2021
Expressions Learning Arts Academy, Inc.
A component unit of the Alachua County District School Board

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2021:

- The School's overall net position increased by approximately \$67,000, which is about 23%.
- Total ending unrestricted net position was approximately \$330,000.
- The School had total expenses for the year of about \$828,000 compared to revenues of approximately \$895,000.
- The School educated 85 and 95 students in the years ending June 30, 2021, and June 30, 2020, respectively, serving grades K-5.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains two individual governmental funds, the General Fund and Capital Projects Fund. Each fund is considered to be a major fund and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Management's Discussion and Analysis

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net assets and changes in net assets.

	2021 Governmental Activities	2020 Governmental Activities
Net Position		
Assets:		
Non-capital Assets	\$ 338,808	\$ 390,007
Capital Assets, Net	28,868	28,206
Total Assets	367,676	418,213
Liabilities:		
Current Liabilities	8,494	6,134
Long-term Liabilities	--	119,900
Total Liabilities	8,494	126,034
Net Position:		
Net Investment in Capital Assets	28,868	28,206
Unrestricted	330,314	263,973
Total Net Position	\$ 359,182	\$ 292,179

Changes in Net Position		
Program Revenues:		
Charges for Services	\$ 30,600	\$ 43,673
Capital Grants & Contributions	42,527	47,664
General Revenues:		
Paycheck Protection Program Loan	117,812	--
Cares Act/ESSER Grant	5,223	--
Title IV	1,597	--
Florida Education Finance Program	664,351	645,932
Other State Revenues	2,065	23,159
Unrestricted Grants & Contributions	30,463	39,891
Unrestricted Investment Earnings	26	252
Total Revenues	894,664	800,571
Program Expenses:		
Instruction	453,892	396,449
Instructional Support Services	34,538	35,503
General Support	314,232	313,285
Community Service	24,977	20,598
Interest	22	--
Total Expenses	827,661	765,835
Change in Net Position	67,003	34,736
Beginning Net Position	292,179	257,443
Ending Net Position	\$ 359,182	\$ 292,179

Management's Discussion and Analysis

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$73,127 in program revenues and \$821,537 of general revenues, and incurred \$827,661 of program expenses. This resulted in a \$67,003 increase in net position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund decreased by \$53,559 from \$383,873 to \$330,314.

Capital Projects Fund. The fund balance of the Capital Projects Fund remained at \$0. All capital outlay funds received were expended on eligible costs during the year.

BUDGETARY HIGHLIGHTS

General Fund. The original budget was amended to reflect increased costs related to the pandemic. There were no differences between the final budget and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School had no significant capital asset activity. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration. The School issued no new long-term debt and existing debt was forgiven during the year. Please refer to the paragraph entitled Long-Term Liabilities in the notes to the accompanying financial statements for more detailed information about the School's long-term debt policy.

ECONOMIC FACTORS

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Juniper Di Giovanni, Principal; 5408 SW 13th Street; Gainesville, Florida 32608 or Sharon Brannon, CPA; 161 North Main Street; Williston, Florida 32696.

Statement of Net Position

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

	Governmental Activities
<hr/> Assets <hr/>	
Cash	\$ 333,777
Receivables	908
Prepays	4,123
Depreciable Capital Assets, Net	<u>28,868</u>
Total Assets	<u>367,676</u>
<hr/> Liabilities <hr/>	
Accounts Payable	<u>8,494</u>
Total Liabilities	<u>8,494</u>
<hr/> Net Position <hr/>	
Net investment in Capital Assets	28,868
Unrestricted	<u>330,314</u>
Total Net Position	<u>\$ 359,182</u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2021
Expressions Learning Arts Academy, Inc.
A component unit of the Alachua County District School Board

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (453,892)	\$ 600	\$ --	\$ --	\$ (453,292)
Instructional Support Services	(34,538)	--	--	--	(34,538)
General Support	(314,232)	--	--	42,527	(271,705)
Community Service	(24,977)	30,000	--	--	5,023
Interest	(22)	--	--	--	(22)
Total	<u>\$ (827,661)</u>	<u>\$ 30,600</u>	<u>\$ --</u>	<u>\$ 42,527</u>	<u>(754,534)</u>

General Revenues:

Federal:	
Paycheck Protection Program Funds	117,812
Federal through State:	
Cares Act/ESSER Funds	5,223
Title IV	1,597
State Revenue:	
Florida Education Finance Program	664,351
Other State Revenues	2,065
Unrestricted Grants and Contributions	30,463
Unrestricted Investment Earnings	<u>26</u>
Total General Revenues	<u>821,537</u>
Change in Net Position	67,003
Net Position – Beginning of Year	<u>292,179</u>
Net Position – End of Year	<u>\$ 359,182</u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2021
Expressions Learning Arts Academy, Inc.
A component unit of the Alachua County District School Board

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash	\$ 333,777	\$ --	\$ 333,777
Receivables	908	--	908
Prepays	4,123	--	4,123
Total Assets	\$ 338,808	\$ --	\$ 338,808
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 8,494	\$ --	\$ 8,494
Total Liabilities	8,494	--	8,494
Fund Balances:			
Nonspendable – Prepays	4,123	--	4,123
Unassigned	326,191	--	326,191
Total Fund Balances	330,314	--	330,314
Total Liabilities and Fund Balances	\$ 338,808	\$ --	\$ 338,808

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position –
Governmental Funds**

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

Fund Balances – Total Governmental Funds	\$ 330,314
Amounts reported for Governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital Assets – Net of Accumulated Depreciation	28,868
Long-term liabilities are not reported in the governmental funds:	
Long-Term Debt	<u> --</u>
Net Position of Governmental Activities	<u><u>\$ 359,182</u></u>

See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

For the Year Ended June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Federal through State:			
Cares Act/ESSER Funds	\$ 5,223	\$ --	\$ 5,223
Title IV	1,597	--	1,597
State Revenue:			
Florida Education Finance Program	664,351	--	664,351
Public Education Capital Outlay	--	42,527	42,527
Other State Revenue	2,065	--	2,065
Local Revenue:			
After School Child Care Fees	30,000	--	30,000
Fundraising and Gifts	31,063	--	31,063
Interest Income	<u>26</u>	<u>--</u>	<u>26</u>
Total Revenues	<u>734,325</u>	<u>42,527</u>	<u>776,852</u>
Expenditures and Changes in Fund Balances			
Expenditures:			
Current:			
Instructional	451,466	--	451,466
Instructional Support Services	34,538	--	34,538
General Support	274,793	--	274,793
Community Services	24,977	--	24,977
Capital Outlay	--	42,527	42,527
Debt Service:			
Principal	2,088	--	2,088
Interest	<u>22</u>	<u>--</u>	<u>22</u>
Total Expenditures	<u>787,884</u>	<u>42,527</u>	<u>830,411</u>
Excess of Revenues Over/(Under) Expenditures	(53,559)	--	(53,559)
Fund Balances, July 1, 2020	<u>383,873</u>	<u>--</u>	<u>383,873</u>
Fund Balances, June 30, 2021	<u>\$ 330,314</u>	<u>\$ --</u>	<u>\$ 330,314</u>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities - Governmental Funds**

For the Year Ended June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

Excess of Revenues over (under) Expenditures – Total Governmental Funds \$ (53,559)

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 depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	4,412
Current Year Depreciation Expense	(3,750)

Issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net position.

Current Year Principal Payments	119,900
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Change in Net Position of Governmental Activities	<u><u>\$ 67,003</u></u>
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See accompanying notes.

Notes to the Financial Statements

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Expressions Learning Arts Academy conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

Expressions Learning Arts Academy, Inc. is 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 not-for-profit corporation conducts business as Expressions Learning Arts Academy (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Alachua County District School Board (the District). The current charter is effective until June 30, 2027, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. 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 School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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*, Sections 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.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal inter-fund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Notes to the Financial Statements

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund and Capital Projects Fund are both considered to be major funds and, therefore, are separately displayed. The School has no nonmajor funds.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

Cash

Cash consists of deposits in financial institutions. Such deposits qualify as public deposits and are insured by Florida's Public Deposits Program as defined in Section 280.02, Florida Statutes. The School has no policy regarding deposit custodial credit risk.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both government-wide and fund financial statements. Prepays are reported as "non-spendable" in the funds financial statements to indicate that prepays do not represent available expendable resources.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15
Leasehold Improvements	15-30
Improvements	15
Furniture, Fixtures and Equipment	5-10

Notes to the Financial Statements

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School does not pay for employees' unused sick and vacation time and unused time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations, if any, are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets* represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. The balance of net position is reported as *unrestricted*.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

Non-Spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned. Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Executive Director. Assigned fund balance includes spendable fund balance amounts established by the Executive Director that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by

Notes to the Financial Statements

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classifications (Concluded)

the Executive Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned. Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School that they will use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America, requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets:				
Buildings	\$ 8,460	\$ --	\$ --	\$ 8,460
Leasehold Improvements	67,520	--	--	67,520
Improvements	23,729	4,412	--	28,141
Furniture, Fixtures & Equipment	13,776	--	--	13,776
Total Capital Assets	<u>113,485</u>	<u>4,412</u>	<u>--</u>	<u>117,897</u>
Accumulated Depreciation:				
Buildings	2,115	564	--	2,679
Leasehold Improvements	50,709	2,166	--	52,875
Improvements	18,842	857	--	19,699
Furniture, Fixtures & Equipment	13,613	163	--	13,776
Total Accumulated Depreciation	<u>85,279</u>	<u>3,750</u>	<u>--</u>	<u>89,029</u>
Net Capital Assets	<u>\$ 28,206</u>	<u>\$ 662</u>	<u>\$ --</u>	<u>\$ 28,868</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 2,426
General Support	<u>1,324</u>
Total Depreciation Expense	<u>\$ 3,750</u>

Notes to the Financial Statements

June 30, 2021

Expressions Learning Arts Academy, Inc.

A component unit of the Alachua County District School Board

NOTE 4 – LEASES

The School leases vacant land adjacent to the School property which is used as a parking lot. The lease calls for monthly payments of \$500 and runs through July 1, 2021, with an option for a five-year extension. The School made lease payments of \$6,000 for this land for the year ended June 30, 2021.

The School has an operating lease for the School property which is effective through June 30, 2022. The lease calls for annual payments of \$49,000 per year. The lease expense for this property for the year ended June 30, 2021, was \$49,000.

Future lease payments are \$55,000 for the year ending June 30, 2022.

NOTE 5 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amount Due In 1 Year
Paycheck Protection Program	\$ 119,900	\$ --	\$ 119,900	\$ --	\$ --
Total	\$ 119,900	\$ --	\$ 119,900	\$ --	\$ --

In May 2020, The School was awarded a Small Business Administration Paycheck Protection Program loan through the CARES Act. In the year ended June 30, 2021, \$117,812 was forgiven and \$2,088 was repaid.

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Board of Directors of the School has established a defined contribution SIMPLE IRA retirement plan covering all employees with at least \$5,000 in annual compensation and \$5,000 in compensation in any two preceding years. The plan is administered by a mutual fund company. Participants may elect to defer a portion of their salaries to be invested in the plan. The tax law specifies an annual dollar limit on employee contributions. The School must match these contributions up to a limit of three percent of the employee's compensation. Participants are fully vested in all contributions. The Board of Directors has the authority to amend or terminate the plan although it has expressed no intention to do so.

<u>Year Ended June 30</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
2019	\$ 10,599	\$ 9,623
2020	\$ 9,764	\$ 9,764
2021	\$ 9,391	\$ 9,379

NOTE 7 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2021, the School paid approximately \$56,000 in compensation to an employee who is related to the School's Principal.

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021
Expressions Learning Arts Academy, Inc.
A component unit of the Alachua County District School Board

	<u>BUDGETED AMOUNTS</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	
Revenues			
Federal through State:			
Cares Act/ESSER Funds	\$ --	\$ 5,223	\$ 5,223
Title IV	--	1,597	1,597
State Revenue:			
Florida Education Finance Program	640,000	664,351	664,351
Other State Revenue	9,233	2,065	2,065
Local Revenue:			
After School Child Care Fees	48,000	30,000	30,000
Fundraising and Gifts	51,800	31,063	31,063
Interest Income	60	26	26
Total Revenues	<u>749,093</u>	<u>734,325</u>	<u>734,325</u>
Expenditures and Changes in Fund Balances			
Expenditures:			
Current:			
Instructional	414,660	451,466	451,466
Instructional Support Services	45,400	34,538	34,538
General Support	265,930	274,793	274,793
Community Services	21,780	24,977	24,977
Debt Service:			
Principal	--	2,088	2,088
Interest	--	22	22
Total Expenditures	<u>747,770</u>	<u>787,884</u>	<u>787,884</u>
Net Change in Fund Balance	1,323	(53,559)	(53,559)
Fund Balances, July 1, 2020	<u>--</u>	<u>383,873</u>	<u>383,873</u>
Fund Balances, June 30, 2021	<u>\$ 1,323</u>	<u>\$ 330,314</u>	<u>\$ 330,314</u>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. A final budget amendment is made so that the final budgeted amounts agree to actual amounts. The fund is the legal level of control.

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 352-395-6565 kattell.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 15, 2021

To the Board of Directors
Expressions Learning Arts Academy, Inc.

We have audited the financial statements of Expressions Learning Arts Academy, Inc. (the School) for the year ended June 30, 2021, and have issued our report thereon dated September 15, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 5, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

Disclosures. There are no disclosures that are particularly sensitive.

Corrected and Uncorrected Misstatements. Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The audit identified no adjustments and no uncorrected misstatements.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no difficulties in dealing with management in performing and completing our audit.

Disagreements with Management. For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants. In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Consultations Prior to Engagement. We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * * * *

This information is intended solely for the use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kattell and Company, P.L.

Gainesville, Florida

Kattell and Company, P.L.

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MANAGEMENT LETTER

To the Board of Directors,
Expressions Learning Arts Academy, Inc.

September 15, 2021

Report on the Financial Statements. We have audited the financial statements of Expressions Learning Arts Academy, Inc (the School), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 15, 2021.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*. Disclosures in that report which is dated September 15, 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. In that regard, there are no uncorrected findings to 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 of the entity is Expressions Learning Arts Academy, Inc, and the school code assigned by the Florida Department of Education is 01-0956.

Financial Condition and Management.

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

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

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

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

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

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, the local district school board, the Board of Directors and management of the School, and is not intended to be and should not be used by anyone other than these specified parties.

* * * * *

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Kattell and Company, P.L.

Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors,
Expressions Learning Arts Academy, Inc.

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 each major fund of Expressions Learning Arts Academy, Inc. (the School) as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

* * * * *

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated September 15, 2021.

Kattell and Company, P.L.

September 15, 2021