

ACHIEVEMENT ACADEMY, INC.

**Financial Statements
and Supplementary
Information**

June 30, 2021 and 2020

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-23
SUPPLEMENTAL INFORMATION	
INDEPENDENT AUDITORS' 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>	24-25
MANAGEMENT LETTER	26-27
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	28



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Achievement Academy, Inc.
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Achievement Academy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Achievement Academy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, on our consideration of Achievement Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Achievement Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Achievement Academy, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 21, 2021

Achievement Academy, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 815,602	\$ 422,427
Restricted cash	222,641	411,922
Due from other agencies	26,139	14,824
Pledges receivable	12,219	21,180
Prepaid expenses	573	17,137
Total current assets	1,077,174	887,490
Property and equipment, net	1,161,314	1,213,969
Investments	257,988	208,791
Land held for sale, net of impairment	500,000	500,000
Other assets	300	300
Total assets	\$ 2,996,776	\$ 2,810,550
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 232,342	\$ 203,180
Deferred revenue	-	183,700
Current portion of long-term debt	61,771	51,058
Total current liabilities	294,113	437,938
Long-term debt, less current portion	658,505	719,919
Total liabilities	952,618	1,157,857
NET ASSETS		
Without donor restrictions		
Undesignated	1,363,897	955,773
Net investment in property and equipment	75,808	103,455
Total net assets without donor restrictions	1,439,705	1,059,228
With donor restrictions		
Unexpended grants	92,949	85,392
Contributions restricted by donor	149,328	172,426
Net investment in property and equipment	362,176	335,647
Total net assets with donor restrictions	604,453	593,465
Total net assets	2,044,158	1,652,693
Total liabilities and net assets	\$ 2,996,776	\$ 2,810,550

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

Achievement Academy, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants, government	\$ 2,683,330	\$ 92,949	\$ 2,776,279
Grants, private	337,500	-	337,500
United Way	174,440	-	174,440
Contributions in kind	8,148	-	8,148
Contributions	380,521	-	380,521
Special events	221,994	-	221,994
Program service fees	93,847	-	93,847
Net investment income	49,507	-	49,507
Gain (loss) on disposal of assets	(1,606)	-	(1,606)
Other income	55,609	-	55,609
Net assets released from restrictions:			
Satisfaction of program restrictions	81,961	(81,961)	-
Total support, revenue and net assets released from restrictions	4,085,251	10,988	4,096,239
PROGRAM SERVICES			
Charter school	3,068,041	-	3,068,041
Birth to three	333,748	-	333,748
Total program services	3,401,789	-	3,401,789
SUPPORTING ACTIVITIES			
Management and general	122,803	-	122,803
Fund raising	180,182	-	180,182
Total supporting activities	302,985	-	302,985
Total expenses	3,704,774	-	3,704,774
CHANGE IN NET ASSETS	380,477	10,988	391,465
NET ASSETS, BEGINNING OF YEAR	1,059,228	593,465	1,652,693
NET ASSETS, END OF YEAR	\$ 1,439,705	\$ 604,453	\$ 2,044,158

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

Achievement Academy, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grants, government	\$ 2,620,330	\$ 85,392	\$ 2,705,722
Grants, private	221,500	-	221,500
United Way	238,991	-	238,991
Contributions in kind	19,219	-	19,219
Contributions	588,019	-	588,019
Special events	236,445	-	236,445
Program service fees	68,777	-	68,777
Net investment income	6,591	-	6,591
Other income	57,483	-	57,483
Net assets released from restrictions:			
Satisfaction of program restrictions	86,951	(86,951)	-
	<u>4,144,306</u>	<u>(1,559)</u>	<u>4,142,747</u>
Total support, revenue and net assets released from restrictions			
PROGRAM SERVICES			
Charter school	3,018,723	-	3,018,723
Birth to three	364,605	-	364,605
	<u>3,383,328</u>	<u>-</u>	<u>3,383,328</u>
Total program services			
SUPPORTING ACTIVITIES			
Management and general	122,365	-	122,365
Fund raising	203,194	-	203,194
	<u>325,559</u>	<u>-</u>	<u>325,559</u>
Total supporting activities			
Total expenses	<u>3,708,887</u>	<u>-</u>	<u>3,708,887</u>
	435,419	(1,559)	433,860
CHANGE IN NET ASSETS			
NET ASSETS, BEGINNING OF YEAR	<u>623,809</u>	<u>595,024</u>	<u>1,218,833</u>
NET ASSETS, END OF YEAR	<u>\$ 1,059,228</u>	<u>\$ 593,465</u>	<u>\$ 1,652,693</u>

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

Achievement Academy, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATIONS		
Change in net assets	\$ 391,465	\$ 433,860
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	78,509	80,069
Loss on disposal of assets	1,606	-
Noncash interest expense	835	835
Net change in assets and liabilities:		
Due from other agencies	(11,315)	17,900
Pledges receivable	8,961	(1,298)
Prepaid expenses	16,564	22,034
Accounts payable and accrued expenses	29,162	17,470
	<u>515,787</u>	<u>570,870</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(27,460)	(44,893)
Net realized and unrealized gain on investments	(49,197)	(6,285)
	<u>(76,657)</u>	<u>(51,178)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on line of credit	70,000	150,000
Payments on line of credit	(70,000)	(150,000)
Net increase (decrease) in Paycheck Protection Program loan	(183,700)	183,700
Principal payments on long-term borrowing	(51,536)	(48,896)
	<u>(235,236)</u>	<u>134,804</u>
Net increase in cash and cash equivalents	203,894	654,496
Cash, cash equivalents and restricted cash beginning of year	<u>834,349</u>	<u>179,853</u>
Cash, cash equivalents and restricted cash end of year	<u>\$ 1,038,243</u>	<u>\$ 834,349</u>
SUPPLEMENTAL DISCLOSURE		
Contributed materials, equipment and services	\$ 8,148	\$ 19,219
Interest paid	<u>\$ 36,944</u>	<u>\$ 40,285</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Balances		
Cash and cash equivalents	\$ 815,602	\$ 422,427
Restricted	222,641	411,922
	<u>\$ 1,038,243</u>	<u>\$ 834,349</u>

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

Achievement Academy, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services		Supporting Activities		Total
	Charter School	Birth to Three	Management and General	Fund Raising	
Leased employee salaries	\$ 2,100,746	\$ 213,215	\$ 58,569	\$ 42,229	\$ 2,414,759
Leased employee benefits	314,411	32,874	7,219	14,240	368,744
Leased employee payroll taxes	144,816	15,292	3,321	9,568	172,997
Professional fees	115,277	12,872	7,528	42,997	178,674
Supplies	27,721	6,575	1,339	1,512	37,147
Telephone	8,608	3,908	2,594	5,315	20,425
Postage	487	233	123	1,667	2,510
Occupancy	144,626	16,868	30,117	25,690	217,301
Equipment rental and maintenance	18,648	3,136	-	-	21,784
Printing and publications	10,782	2,499	2,600	5,924	21,805
Travel	3,588	4,004	949	1,210	9,751
Conferences and meetings	713	309	230	393	1,645
Membership dues and continuing education	3,322	431	-	969	4,722
Miscellaneous	9,451	5,432	363	427	15,673
Administrative fees	52,520	-	-	-	52,520
Advertising	1,362	264	-	239	1,865
Insurance	15,512	3,685	-	-	19,197
Special events expense	-	-	-	27,802	27,802
Interest	33,250	3,694	-	-	36,944
Depreciation	62,201	8,457	7,851	-	78,509
Total functional expenses	\$ 3,068,041	\$ 333,748	\$ 122,803	\$ 180,182	\$ 3,704,774

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

Achievement Academy, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services		Supporting Activities		Total
	Charter School	Birth to Three	Management and General	Fund Raising	
Leased employee salaries	\$ 2,050,655	\$ 233,072	\$ 60,370	\$ 85,850	\$ 2,429,947
Leased employee benefits	299,262	35,584	7,032	18,213	360,091
Leased employee payroll taxes	142,565	17,167	3,344	13,028	176,104
Professional fees	84,298	7,926	6,235	2,814	101,273
Supplies	49,075	7,229	1,744	2,417	60,465
Telephone	7,003	4,534	2,134	3,042	16,713
Postage	1,639	492	482	1,684	4,297
Occupancy	142,167	17,517	29,380	25,383	214,447
Equipment rental and maintenance	20,972	2,869	-	631	24,472
Printing and publications	6,321	2,045	1,622	5,618	15,606
Travel	24,281	8,427	1,003	2,235	35,946
Conferences and meetings	2,053	714	635	2,655	6,057
Membership dues and continuing education	3,635	640	-	826	5,101
Miscellaneous	6,217	7,653	377	2,445	16,692
Administrative fees	50,753	-	-	-	50,753
Advertising	2,280	-	-	-	2,280
Insurance	25,892	6,044	-	-	31,936
Special events expense	-	-	-	36,353	36,353
Interest	36,256	4,029	-	-	40,285
Depreciation	63,399	8,663	8,007	-	80,069
	<u>\$ 3,018,723</u>	<u>\$ 364,605</u>	<u>\$ 122,365</u>	<u>\$ 203,194</u>	<u>\$ 3,708,887</u>
Total functional expenses	<u>\$ 3,018,723</u>	<u>\$ 364,605</u>	<u>\$ 122,365</u>	<u>\$ 203,194</u>	<u>\$ 3,708,887</u>

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

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Achievement Academy, Inc. (the “Academy”), formerly known as Child Development Center of Polk County, Inc., was organized to maintain and operate programs for the education, evaluation, and social and physical advancement of children (birth through six years of age) with developmental delays/disabilities and to conduct ongoing programs to educate the general public.

The Academy opened a charter school in 1997 which operates under a charter approval by its sponsor, the School Board of Polk County, Florida (the “School Board”). The governing body of the charter school is the not-for-profit corporation Board of Directors which is composed of 18 members. The Executive Director of Achievement Academy, Inc. is the executive officer of the charter school. The Academy is reaccredited by AdvancED through June of 2023.

The Academy is funded through a variety of sources, including United Way, Florida Department of Education (through the School Board), program fees, contributions and various fund raising events.

2. Basis of presentation

The financial statement presentation follows the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) guidance for non-profit organizations. The Academy is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Support and revenue are recognized when earned or unconditionally received, and expenses are recognized when incurred. Changes in the net assets of the Academy as a result of support, revenue, expenses, gains and losses are classified based on the existence of any donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

See Note 9 for more information on the composition of net assets without donor restrictions.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basis of accounting (continued)

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Academy reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Academy to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note 10 for more information on the composition of net assets with donor restrictions.

4. Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand; cash in banks and certificates of deposit with original maturities of three months or less when purchased. The carrying amount reported in the statements of financial position for cash and cash equivalents approximates its fair value.

For the years ended June 30, 2021 and 2020, the Academy had restricted cash of \$222,641 and \$411,922, respectively, which includes amounts that have been received but not yet expended for which there are donor-imposed restrictions.

Interest received totaled approximately \$9,900 and \$1,400 for the years ended June 30, 2021 and 2020, respectively.

5. Investments

Investments consist of certificates of deposit with maturities greater than three months when purchased, as well as certain investments held and managed for the benefit of the Academy by a private foundation.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Property and equipment

Property and equipment are recorded at cost or at their estimated fair value at the date of donation. Items costing \$500 or more are capitalized in the statements of financial position, whereas all other items are expensed. Depreciation is provided using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	10-40
Furniture, fixtures, and equipment	3-10
Playground equipment	5-20
Vehicles	5

Maintenance and repairs are charged to expense when incurred.

The Academy is subject to accounting guidance related to the impairment or disposal of long-lived assets. This guidance requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and when the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. See Note 6 for impairment of land held for sale.

7. Debt issuance costs

Debt issuance costs relating to the mortgage notes payable are capitalized and being amortized using the straight-line method over a period of 11 years. Amortization expense for the years ended June 30, 2021 and 2020 was \$835. Estimated annual amortization expense for each of the years through 2029 is \$835.

8. Revenue recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Academy adopted ASC 606 and ASC 958-605 and all related amendments effective July 1, 2020. The adoption had no significant impact on the Academy's financial statements.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

Revenues are recognized on the accrual basis. Contributions subject to donor-imposed restrictions are recorded as with donor restrictions and are reclassified as without donor restrictions when the donor-imposed restrictions has been fulfilled or the stipulation of time period has elapsed. Contributions with restrictions that are met during the fiscal year are recorded as net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expiration of donor restrictions on net assets, that is, the expiration of the donor-imposed stipulation purpose or the elapsing of the specified time period, are reported as net assets released from restrictions.

Revenues consist primarily of governmental grants, private grants, United Way, program service fees and contributions.

9. Concentration of revenue sources

Approximately 68% of the Academy's revenue is derived from grants from the federal government passed through the State of Florida Department of Education (which is renewed annually) and state and local funds passed through the School Board (which is renewable every ten years). The current level of the Academy's operations and program services may be impacted or certain services discontinued if the funding is not renewed.

10. Due from other agencies

Due from other agencies represent amounts due from the School Board, Medicaid and private insurance. Management has determined that the amounts are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary as of June 30, 2021 and 2020.

11. Pledges receivable

Pledges receivable represent amounts due from the United Way.

12. Credit risk

The carrying amounts approximate fair value based on quoted market prices or discounted cash flow analyses for cash equivalents and other financial instruments. The Academy is subject to some credit risk through short-term cash investments which are placed with high credit quality financial institutions. The Academy had \$812,841 and \$401,703 in excess of federally insured limits as of June 30, 2021 and 2020, respectively.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 – ORGANIZATION, SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Use of estimates

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

14. Income taxes

The Academy qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The Academy's income tax returns for 2020, 2019, and 2018 are subject to examination by tax authorities, and may change upon examination.

15. Statement of Cash Flows

During the year ended June 30, 2020, the Academy adopted ASU 2016-18, *Statement of Cash Flows*, which requires that restricted cash be included in total cash in the statement of cash flows. Cash, cash equivalents and restricted cash in the statement of cash flows includes cash and cash equivalents and restricted cash.

16. Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Academy is evaluating the potential effects ASU 2016-02 will have on its financial statements.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The Academy's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

Estimated fair value of certain assets measured on a recurring basis at June 30, 2021 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 257,988	\$ -	\$ -	\$ 257,988
Total	<u>\$ 257,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,988</u>

Estimated fair value of certain assets measured on a recurring basis at June 30, 2020 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 208,791	\$ -	\$ -	\$ 208,791
Total	<u>\$ 208,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,791</u>

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 2 – FAIR VALUE MEASUREMENTS (continued)

The Academy has various investments that are held in the Community Foundation. Investments are reported at fair market value, are held for trading purposes only, and consist of the following:

	<u>2021</u>	<u>2020</u>
Givewell Community Foundation Common Fund	\$ 257,988	\$ 208,791
Total	<u>\$ 257,988</u>	<u>\$ 208,791</u>

NOTE 3 – DUE FROM OTHER AGENCIES

Due from other agencies includes the following at June 30:

	<u>2021</u>	<u>2020</u>
Capital outlay	\$ 7,850	\$ 8,416
Interest	41	41
Other receivables	<u>18,248</u>	<u>6,367</u>
Total	<u>\$ 26,139</u>	<u>\$ 14,824</u>

The capital outlay receivables included in the accompanying financial statements is reflected as net assets with donor restrictions since it must be spent for lawful capital outlay expenditures.

Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary as of June 30, 2021 and 2020.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable from United Way as of June 30, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 12,219	\$ 21,180
Total	<u>\$ 12,219</u>	<u>\$ 21,180</u>

For the years ended June 30, 2021 and 2020, management has deemed an allowance or discounts are not required since the pledges are due and collectible within one year.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 5 – PROPERTY AND EQUIPMENT

	<u>2021</u>	<u>2020</u>
Land	\$ 180,620	\$ 180,620
Buildings and improvements	2,109,664	2,087,414
Furniture, fixtures and equipment	443,363	460,820
Playground equipment	57,142	57,142
Vehicles	3,000	3,000
	<u>2,793,789</u>	<u>2,788,996</u>
Less accumulated depreciation	<u>(1,632,475)</u>	<u>(1,575,027)</u>
Total	<u>\$ 1,161,314</u>	<u>\$ 1,213,969</u>

Depreciation expense totaled \$78,509 and \$80,069 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 – LAND HELD FOR SALE##

During fiscal year 2012, the Board approved the sale of land originally held for the construction of a new charter school facility. Management and the Board determined not to proceed with the new facility and placed the land for sale. The cost of the land and site improvements totaled \$1,554,094.

Since the purchase of the land and completion of the site improvements, the Academy has determined the fair value is less than the carrying value of the assets. The fair value of the asset was determined based on an appraisal which was conducted in 2009, which valued the land at \$650,000. Subsequent to the appraisal, comparative land values have continued to decrease. The Academy has not conducted subsequent appraisals. However, based on opinions of experienced real estate professionals working in that area, the fair value was estimated based on comparative land values in the area.

For the year ended June 30, 2012, the Academy recorded impairments on the land to adjust the book value of the land and site improvements to \$500,000. As a result of the impairment, the Academy recognized an impairment expense of \$1,054,094 for the year ended June 30, 2012. The Academy did not recognize an additional impairment on assets for the years ended June 30, 2021 or 2020. The land is reported on the accompanying statements of financial position as land held for sale, net of impairment as of June 30, 2021 and 2020.

During 2021, the School entered into a contract for the sale of the land with a purchase price of \$850,000. There is a due diligence period of 180 days after the effective date of April 12, 2021 and closing will occur no later than thirty days after the expiration of the due diligence period (October 9, 2021).

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 7 – LONG-TERM DEBT

Long-term debt is summarized as follows:

	2021	2020
<p>The Academy had a 4.25% mortgage note payable to a bank, interest only until March 2014 then converted to 53 monthly payments of principal and interest of \$4,859 based on a 15-year amortization and a balloon payment of \$496,554, secured by vacant land. During June 2018, the Academy refinanced the note payable. Terms of the loan is interest only payments through June 2019 with fixed interest of 4.95%. Effective July 2019, principal and interest payments of \$4,629 are due monthly until the note matures in June 2023. The note requires a balloon payment of approximately \$406,000 at the maturity date.</p>	\$ 467,985	\$ 499,512
<p>The Academy had a 4.25% mortgage note payable to a bank, 60 months, 59 monthly payments of principal and interest of \$2,268, based on a 15-year amortization and a balloon payment of \$223,063. Secured by Bartow School real estate. During June 2018, the Academy refinanced the note payable. Terms of the loan is interest only payments through June 2019 with fixed interest of 4.95%. Effective July 2019, principal and interest payments of \$2,253 are due monthly until the note matures in June 2029.</p>	195,396	212,160
<p>Note payable to a bank, with monthly principal and interest payments of \$475 through January 2020 with 4.25% interest per annum. Effective February 2020, monthly principal and interest payments of \$502 with interest calculated based on the weekly average yield on United States Treasury securities plus a margin of 3.00%. A balloon payment \$47,954 due February 2025.</p>	59,950	63,195
	723,331	774,867
Less current portion	(61,771)	(51,058)
Total long-term liabilities	\$ 661,560	\$ 723,809

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 7 – LONG-TERM DEBT (continued)

Future maturities of notes payable at June 30, 2021 are as follows:

2022	\$	61,771
2023		453,330
2024		24,959
2025		71,051
2026		22,961
Thereafter		<u>89,259</u>
		723,331
Unamortized debt issuance costs (See Note 1-7)		<u>(3,055)</u>
Total	\$	<u>720,276</u>

Interest expense totaled \$36,944 and \$40,285 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 – CREDIT OBLIGATIONS

In January 2018, the Academy entered into a \$200,000 revolving line of credit in which principal is due upon demand. The Academy is required to make monthly interest payments, which is calculated based on the Wall Street Journal Prime Rate (3.25% as of June 2021). As of June 30, 2021 and 2020, there was no outstanding balance.

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of undesignated and net investment in property and equipment amounts for the following purposes or periods as of June 30:

	2021	2020
Undesignated	\$ 1,363,897	\$ 955,773
Net investment in property and equipment	<u>75,808</u>	<u>103,455</u>
	<u>\$ 1,439,705</u>	<u>\$ 1,059,228</u>

Undesignated

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended June 30, 2021 and 2020 are included in the statements of functional expenses.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2021	2020
Unexpended grants:		
Capital outlay funds restricted for specific purpose	\$ 92,949	\$ 85,392
Contributions by donor:		
Contributions restricted by donor for specific purpose	137,109	151,246
Pledges restricted for 2021 fiscal year	12,219	-
Pledges restricted for 2020 fiscal year	-	21,180
Total	149,328	172,426
Net investment in property and equipment (net of amounts borrowed of \$723,331 and \$774,867 as of June 30, 2021 and 2020, respectively) – use restricted by charter school grant.	362,176	335,647
	\$ 604,453	\$ 593,465

NOTE 11 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The following net assets were released from restrictions as of June 30:

	2021	2020
Purpose restrictions accomplished:		
Capital outlay funds restricted for specific purpose	\$ 60,781	\$ 67,069
Time restrictions met:		
Pledges restricted for 2020 fiscal year	21,180	-
Pledges restricted for 2019 fiscal year	-	19,882
Net assets released from restrictions	\$ 81,961	\$ 86,951

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 12 – CONTRIBUTED MATERIALS, EQUIPMENT AND SERVICES

Contributed materials and equipment, if any, are recorded in the accompanying financial statements at their fair value at the date of receipt. The Academy received \$8,148 and \$19,219 in donated property and equipment for the years ended June 30, 2021 and 2020, respectively.

A number of other volunteers have donated significant amounts of their time to the Academy's administrative services and in its fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

NOTE 13 – GOVERNMENT GRANTS

The Academy has a contract with the School Board to operate a charter school for a maximum student population of 200. The current charter is effective until June 30, 2022, and may be renewed for up to 10 years by mutual agreement between the charter school and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the charter school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Revenues for current operations are received primarily from the District School Board of Polk County, Florida pursuant to the funding provisions included in the charter. As such, the charter school's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the charter school reports the number of full-time equivalent students and related data to the School Board.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of Full Time Equivalent ("FTE") students and related data to the FDOE for funding through the Florida Education Finance Program ("FEFP"). Funding for the charter school is adjusted during the year to reflect the revised calculations by the FDOE under FEFP and the actual weighted full-time equivalent students reported by the charter school during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the charter school's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reduction or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. The charter school reported, on average, an enrollment of 157 unweighted full-time students for the fiscal years ended June 30, 2021 and 2020.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 13 – GOVERNMENT GRANTS (continued)

The charter school receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes and amounts received are based on the charter school's enrollment during the fiscal year. Funds received under this program are restricted to capital outlay expenditures, as detailed in the Florida statutes. Since a claim to the grant proceeds is based upon incurring eligible expenditures, revenue is classified as with donor restrictions and once eligible expenditures have been made, the revenue is reclassified to revenue without donor restrictions and is reported in the statements of activities as "net assets released from restrictions."

The charter school also receives federal awards for the enhancement of various education programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. Since a claim to the grant proceeds is based upon incurring eligible expenditures, revenue is classified as with donor restrictions and once eligible expenditures have been made, the revenue is reclassified to revenue without donor restrictions and is reported in the statements of activities as "net assets released from restrictions."

Under the terms of the charter, any property and equipment purchased with School Board funds must be returned to the School Board if the contract for the charter school is terminated.

The summary of funds earned during the years ended June 30, 2021 and 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
2021 School Board	\$ 2,683,330	\$ 92,949	\$ 2,776,279
2020 School Board	\$ 2,620,330	\$ 85,392	\$ 2,705,722

The Academy is reimbursed for providing services to Medicaid eligible individuals. Medicaid reimbursements, included as program service fees, earned during the years ended June 30, 2021 and 2020, respectively, are as follows:

	<u>2021</u>	<u>2020</u>
Medicaid reimbursements	<u>\$ 91,766</u>	<u>\$ 62,688</u>

NOTE 14 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Academy obtained a Paycheck Protection Program (PPP) Loan under a program offered by the United States Small Business Administration (SBA) in the amount of \$646,547. The Academy accounted for the PPP Loan as a conditional contribution under ASC 958-605 and recognized revenue of \$183,700 and \$462,847 during the years ended June 30, 2021 and 2020, respectively. The loan was forgiven on February 1, 2021.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 15 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include leased employee salaries, benefits, and payroll taxes, occupancy, depreciation, and professional fees which are allocated on the basis of estimates of time and percentage of assets utilized.

NOTE 16 – PENSION PLAN AND COMPENSATED ABSENCES

The Academy adopted a SIMPLE IRA retirement program during 1997. All employees with over six months of service are eligible to participate in the program. Total contributions to the plan by the Academy for the years ended June 30, 2021 and 2020, were approximately \$48,000 and \$47,000, respectively, which represented a contribution rate of 3% on wages paid to each participating employee or 100% match of employee contributions (whichever is lower). The Academy has no liability for the administration or payment of benefits of the plan and, accordingly, the present value of the related vested benefits is not reflected in these financial statements.

The Academy's liability for compensated absences was not significant and has not been recorded in these financial statements since it was not considered material to the financial statements taken as a whole.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

The Academy has an agreement with the City of Lakeland to lease the land on which the Academy's building is located. The lease agreement was entered into in 1967 and is for a term of 99 years. There is no annual lease payment. The fair value of the lease has not been recognized as a contribution or reflected as an expense of operations since an objective basis for measuring the value of such lease cannot be determined.

NOTE 18 – SUBSEQUENT EVENTS

The Academy has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The Academy has evaluated subsequent events through September 21, 2021, which is the date the financial statements were available to be issued.

Achievement Academy, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 19 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Academy's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 815,602	\$ 422,427
Restricted cash	222,641	411,922
Due from other agencies	26,139	14,824
Investments	257,988	208,791
Pledges receivable	<u>12,219</u>	<u>21,180</u>
Total financial assets available within one year	<u>\$ 1,334,589</u>	<u>\$ 1,079,144</u>

As part of the Academy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Academy has a committed line of credit of \$200,000, which it could draw upon.

A portion of cash and cash equivalents, restricted cash, and investments are set aside per donor restrictions. The total amount restricted is \$222,641.

Pledges receivable include amounts expected to be received within one year and will become available for use within one year.

Prepaid expense, property and equipment, land held for sale and other asset amounts are amounts not available for spending amounts.

The investment amount listed above represents assets, which could be converted to cash on a short-term basis and thus are available to support cash flow needs and operations. The Academy has no immediate plans to liquidate investments beyond what is needed for current operations based on the respective spending policy and operating budget approved by the Board of Directors.

NOTE 20 – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Academy's financial condition, liquidity, and future results of operation. Management is actively monitoring the global pandemic situation.

SUPPLEMENTAL INFORMATION



**INDEPENDENT AUDITORS' 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**

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

To the Board of Directors
Achievement Academy, Inc.

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 Achievement Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Achievement Academy, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Achievement Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Achievement Academy, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Achievement Academy, Inc.'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 Achievement Academy, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Achievement Academy, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 21, 2021



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

MANAGEMENT LETTER

To the Board of Directors, Florida
Achievement Academy, Inc.

Report on the Financial Statements

We have audited the financial statements of Achievement Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 21, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 21, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no significant 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 in this management letter. The official title of the entity is *Achievement Academy, Inc.*

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 Achievement Academy, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Achievement Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Achievement Academy, Inc. It is management's responsibility to monitor Achievement Academy, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of the 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 Achievement Academy, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Achievement Academy, Inc. 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 21, 2021

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the year ended June 30, 2021, there are no management recommendations.