

HEALTHY LEARNING ACADEMY, INC.

A Component Unit of the Alachua County District School Board

Financial Statements
And
Independent Auditors' Reports

June 30, 2023

KATTELL AND COMPANY, P.L.

Certified Public Accountants Serving the Nonprofit Community

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FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
JUNE 30, 2023
HEALTHY LEARNING ACADEMY, INC.
A Component Unit of the Alachua County District School Board

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Healthy Learning Academy, Inc.

October 3, 2023

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Healthy Learning Academy, Inc. (the School), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

"Not everything that counts can be counted, and not everything that can be counted counts."

- Albert Einstein

Report on the Audit of the Financial Statements (concluded)

Auditors' Responsibilities for the Audit of the Financial Statements (concluded)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 October 3, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Kattell and Company, P.L.

Gainesville, Florida

Management's Discussion and Analysis

June 30, 2023

Healthy Learning 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, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2023:

- The School's overall net position decreased by approximately \$156,000, which is approximately 30%.
- Unrestricted net position at June 30, 2023, was 62,995.
- The School had total expenses for the year of approximately \$1,213,000, compared to revenues of approximately \$1,057,000.
- The School educated 107 and 105 students in 2023 and 2022, respectively, in grades K through 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. These funds are considered to be major funds 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 governmental 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, 2023

Healthy Learning 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 position and changes in net position.

	2023 Governmental Activities	2022 Governmental Activities
Net Position		
Assets:		
Non-Capital Assets	\$ 118,691	\$ 271,248
Capital Assets, Net	505,980	526,957
Total Assets	624,671	798,205
Liabilities:		
Current Liabilities	36,785	28,505
Noncurrent Liabilities	216,278	242,085
Total Liabilities	253,063	270,590
Net Position:		
Net Investment in Capital Assets	289,702	284,872
Restricted for Capital Outlay	18,911	15,596
Unrestricted	62,995	227,147
Total Net Position	\$ 371,608	\$ 527,615
Change in Net Position		
Program Revenues:		
Charges for Services	\$ 98,200	\$ 107,234
Capital Grants & Contributions	57,780	55,837
General Revenues:		
CARES Act/ESSER	8,338	222,307
Other Federal through State Revenue	3,666	4,919
Florida Education Finance Program	796,396	748,564
Other State Revenues	22,125	6,173
Local Tax Revenue	48,384	53,386
Other Revenues	21,710	1,582
Total Revenues	1,056,599	1,200,002
Program Expenses:		
Instruction	813,177	727,801
Instructional Support Services	29,384	10,161
General Support Services	359,659	293,008
Community Services	538	6
Interest on Long-Term Debt	9,848	10,753
Total Expenses	1,212,606	1,041,729
Change in Net Position	(156,007)	158,273
Beginning Net Position	527,615	369,342
Ending Net Position	\$ 371,608	\$ 527,615

Management's Discussion and Analysis

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$155,980 in program revenues and \$900,619 of general revenues, and incurred \$1,212,606 of program expenses. This resulted in a \$156,007 decrease in net position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund has decreased by \$164,152, from \$227,147 to \$62,995.

Capital Projects Fund. The fund balance of the Capital Projects Fund has increased by \$3,315, from \$15,596 to \$18,911.

BUDGETARY HIGHLIGHTS

General Fund. The original budget was amended to utilize surpluses from prior years to address learning losses from the chaos of the pandemic years and to address some deferred maintenance. 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 made scheduled payments on its existing debt and entered into no new debt agreements during the year. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

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 Suzanne Borganelli (Principal), Healthy Learning Academy, 13505 West Newberry Road, Newberry, Florida 32669.

Statement of Net Position
June 30, 2023
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 95,127
Receivables	14,016
Prepaid Expense	9,548
Capital Assets:	
Non-Depreciable Capital Assets	190,723
Depreciable Capital Assets, Net	<u>315,257</u>
Total Assets	<u>624,671</u>
Liabilities	
Accounts Payable	3,171
Accrued Expense	33,614
Long-Term Liabilities:	
Due Within One Year	27,018
Due in More Than One Year	<u>189,260</u>
Total Liabilities	<u>253,063</u>
Net Position	
Net Investment in Capital Assets	289,702
Restricted for Capital Outlay	18,911
Unrestricted	<u>62,995</u>
Total Net Position	<u>\$ 371,608</u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2023
Healthy Learning 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	\$ 813,177	\$ 98,200	\$ --	\$ --	\$ 714,977
Instructional Support Services	29,384	--	--	--	29,384
General Support Services	359,659	--	--	47,932	311,727
Community Service	538	--	--	--	538
Interest on Long-Term Debt	9,848	--	--	9,848	--
Total	<u>\$ 1,212,606</u>	<u>\$ 98,200</u>	<u>\$ --</u>	<u>\$ 57,780</u>	1,056,626

General Revenues:

Federal through State:	
CARES Act/ESSER	8,338
Title II	1,905
Title IV	1,761
State Revenue:	
Florida Education Finance Program	796,396
Other State Revenues	22,125
Local Tax Revenue	48,384
Unrestricted Grants and Contributions	<u>21,710</u>
Total General Revenues	<u>900,619</u>
Change in Net Position	(156,007)
Net Position – Beginning of Year	<u>527,615</u>
Net Position – End of Year	<u><u>\$ 371,608</u></u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2023
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash	\$ 76,216	\$ 18,911	\$ 95,127
Receivables	14,016	--	14,016
Prepays	9,548	--	9,548
Total Assets	\$ 99,780	\$ 18,911	\$ 118,691
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 3,171	\$ --	\$ 3,171
Accrued Expense	33,614	--	33,614
Total Liabilities	36,785	--	36,785
Fund Balances:			
Non-Spendable Prepays	9,548	--	9,548
Unassigned	53,447	18,911	72,358
Total Fund Balances	62,995	18,911	81,906
Total Liabilities and Fund Balances	\$ 99,780	\$ 18,911	\$ 118,691

See accompanying notes.

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

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

Fund Balances – Total Governmental Funds	\$ 81,906
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	505,980
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Long-term liabilities are not reported in the governmental funds.

Notes Payable	<u>(216,278)</u>
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Net Position of Governmental Activities	<u><u>\$ 371,608</u></u>
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See accompanying notes.

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

For the Year Ended June 30, 2023

Healthy Learning 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	\$ 8,338	\$ --	\$ 8,338
Title II	1,905	--	1,905
Title IV	1,761	--	1,761
State Revenue:			
Florida Education Finance Program	796,396	--	796,396
Public Education Capital Outlay	--	57,780	57,780
Other State Revenues	22,125	--	22,125
Local Revenue:			
Local Tax Revenue	48,384	--	48,384
School Age Child Care Fees	98,200	--	98,200
Other Local Revenues	21,710	--	21,710
Total Revenues	<u>998,819</u>	<u>57,780</u>	<u>1,056,599</u>
Expenditures and Changes in Fund Balances			
Expenditures:			
Current:			
Instruction	811,973	--	811,973
Instructional Support Services	29,384	--	29,384
General Support Services	321,076	--	321,076
Community Services	538	--	538
Capital Outlay	--	18,810	18,810
Debt Service:			
Principal	--	25,807	25,807
Interest	--	9,848	9,848
Total Expenditures	<u>1,162,971</u>	<u>54,465</u>	<u>1,217,436</u>
Excess of Revenues Over/(Under) Expenditures	<u>(164,152)</u>	<u>3,315</u>	<u>(160,837)</u>
Fund Balances, July 1, 2022	<u>227,147</u>	<u>15,596</u>	<u>242,743</u>
Fund Balances, June 30, 2023	<u>\$ 62,995</u>	<u>\$ 18,911</u>	<u>\$ 81,906</u>

See accompanying notes.

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

For the Year Ended June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

Excess of Revenues over Expenditures – Total Governmental Funds \$ (160,837)

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	--
Current Year Depreciation Expense	(20,977)

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	<u>25,807</u>
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Change in Net Position of Governmental Activities \$ (156,007)

See accompanying notes.

Notes to the Financial Statements

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Healthy Learning Academy, Inc. 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

Healthy Learning Academy, Inc. is a not-for-profit corporation organized in 2004 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 Healthy Learning 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, 2025, and may be renewed up to an additional 10 years 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 two categories: net investment in capital assets; and unrestricted net position.

Notes to the Financial Statements

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (concluded)

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.

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 non-major 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 and Cash Equivalents

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.

Notes to the Financial Statements

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 estimated useful lives of 10-39 years for buildings and 5 years for furniture, fixtures and equipment.

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 FTE 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 time and vacation time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations 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 the 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.

Notes to the Financial Statements

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classifications (concluded)

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 Director. Assigned fund balance includes spendable fund balance amounts established by the Director that are intended to be used for specific purposes that are neither considered restricted nor 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 the 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 requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets not Being Depreciated:				
Land	\$ 190,723	\$ --	\$ --	\$ 190,723
Capital Assets Being Depreciated:				
Buildings	381,323	--	--	381,323
Improvements Other Than Building	81,414	--	--	81,414
Furniture, Fixtures & Equipment	20,417	--	--	20,417
Total Capital Assets	673,877	--	--	673,877
Accumulated Depreciation:				
Buildings	114,602	14,345	--	128,947
Improvements Other Than Building	16,853	5,428	--	22,281
Furniture, Fixtures & Equipment	15,465	1,204	--	16,669
Total Accumulated Depreciation	146,920	20,977	--	167,897
Net Capital Assets	\$ 526,957	\$ (20,977)	\$ --	\$ 505,980

Depreciation was charged to functions/programs as follows:

Instruction	\$ 1,204
General Support	19,773
Total	\$ 20,977

Notes to the Financial Statements

June 30, 2023

Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

NOTE 3 – 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 4 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amount Due In 1 Year
Mortgage Note Payable	\$ 242,085	\$ --	\$ 25,807	\$ 216,278	\$ 27,018

In July, 2020, the School refinanced all then-existing mortgage debt into one 10-year note of \$290,000, with a monthly payment of \$2,971 and an interest rate of 4.25% which is fixed for five years. Future debt service requirements are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 27,018	\$ 8,637	\$ 35,655
2025	28,189	7,466	35,655
2026	29,411	6,244	35,655
2027	30,685	4,970	35,655
2028	32,015	3,640	35,655
2029	33,403	2,252	35,655
2030	35,557	804	36,361
Total	\$ 216,278	\$ 34,013	\$ 250,291

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The School maintains a 403(b) defined contribution pension plan with Invesco. Essentially all employees are eligible and may contribute the maximum amount permitted by law. Employer contributions are determined annually at the sole discretion of the School.

<u>Year Ended June 30</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
2021	\$ 23,263	\$ 11,778
2022	\$ 19,941	\$ 5,758
2023	\$ 26,433	\$ 11,064

NOTE 6 – COMMITMENTS

Prior to June 30, 2023, the School entered into a contract for services for \$9,870. The School paid \$4,935 at the initiation of the contract; the remaining \$4,935 will be paid when the contract is completed in the subsequent fiscal year.

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023
Healthy Learning Academy, Inc.
A Component Unit of the Alachua County District School Board

	BUDGETED AMOUNTS		Actual Amounts
	Original	Final	
Federal through State:			
CARES Act/ESSER	\$ 60,000	\$ 8,338	\$ 8,338
Title II	5,000	1,905	1,905
Title IV	4,000	1,761	1,761
State Revenue:			
Florida Education Finance Program	777,327	796,396	796,396
Other State Revenues	6,100	22,125	22,125
Local Revenue:			
Local Tax Revenue	80,400	48,384	48,384
School Age Child Care Fees	98,400	98,200	98,200
Other Local Revenues	14,500	21,710	21,710
Total Revenues	1,045,727	998,819	998,819
Expenditures:			
Current:			
Instruction	721,100	811,973	811,973
Instructional Support Services	54,038	29,384	29,384
General Support Services	253,173	321,076	321,076
Community Services	10,000	538	538
Total Expenditures	1,038,311	1,162,971	1,162,971
Excess of Revenues Over/(Under) Expenditures	7,416	(164,152)	(164,152)
Fund Balances, July 1, 2022	--	227,147	227,147
Fund Balances, June 30, 2023	\$ 7,416	\$ 62,995	\$ 62,995

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 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

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 3, 2023

To the Board of Directors
Healthy Learning Academy, Inc.

We have audited the financial statements of Healthy Learning Academy, Inc. (the School) for the year ended June 30, 2023, and have issued our report thereon dated October 3, 2023. 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 July 3, 2023. 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. We recommended no material adjustments. In addition, an adjustment to reclassify \$24,000 of insurance recoveries as Other Financing Sources was considered immaterial.

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.

Kattell and Company, P.L.

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MANAGEMENT LETTER

To the Board of Directors,
Healthy Learning Academy, Inc.

October 3, 2023

Report on the Financial Statements. We have audited the financial statements of Healthy Learning Academy, Inc. (the School), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 3, 2023.

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 Reports and Schedules. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* and Schedule of Findings. Disclosures in that report and schedule, which are dated October 3, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In that regard, the findings reported in the preceding annual financial audit report have not been repeated.

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 Healthy Learning Academy Charter School, and the school code assigned by the Florida Department of Education is 01-0981.

Financial Condition.

Sections 10.854(1)(e)2., Rules of the Auditor General requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Transparency. Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website 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 Statute.

Additional Matters. Section 10.854(1)(e)4, Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. See Finding 2023-004 in the attached Schedule of 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, 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.

Certified Public Accountants Serving the Nonprofit Community

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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,
Healthy Learning Academy, Inc.

October 3, 2023

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 Healthy Learning Academy, Inc. (the School) as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 3, 2023

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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001, 2023-002 and 2023-003, that we consider to be significant deficiencies.

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*.

School's Response to Finding

The School's response to the finding identified in the Schedule of Findings is described in the accompanying letter from the School. The School's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 October 3, 2023.

Kattell and Company, P.L.

Schedule of Findings
June 30, 2023
Healthy Learning Academy, Inc.

A Component Unit of the Alachua County District School Board

2023-001

Significant Deficiency

Criteria: Section 1002.33(9)(i), Florida Statutes requires charter schools to adopt and maintain an annual budget.

Conditions: Although the School prepared a budget that was posted to its website in accordance with Section 1002.33(9)(p), Florida Statutes, there is no evidence that the School prepared and reviewed monthly budget to actual reports. In addition, there was a budget to actual report prepared for June 30, 2023, but the budget amounts used in that report did not agree to the budget report posted on the website. Also, the budget report posted to the website contained a math error.

Effect: The School overspent its budget by nearly \$170,000 for the year ended June 30, 2023.

Recommendation: The School should prepare budget to actual reports on a monthly basis. These should be reviewed by staff and the board of directors to ensure proper management and governance of the financial activities of the School. Any amendments to the budget should be approved by the board of directors and posted to the School website.

2023-002

Significant Deficiency

Criteria: Section 1013.62(4), Florida Statutes provides guidance on the types of expenditures that are allowable uses of capital outlay funding.

Condition: The School has been classifying unallowable expenditures to capital outlay funds. In addition, the School has failed to classify certain allowable expenditures to capital outlay funds.

Effect: The School has made recommended audit adjustments to its financial records so that the capital projects fund represents only allowable costs.

Recommendation: The School should refamiliarize itself with the allowable uses of capital outlay funds so that these funds may be fully utilized for allowable purposes.

2023-003

Significant Deficiency

Criteria: The School should institute internal controls to provide reasonable assurance that all revenues are collected and deposited timely.

Condition: The director of the afterschool program is responsible for tracking attendance, invoicing parents, and collecting revenues. This condition represents a lack of separation of incompatible duties.

Effect: The director of the afterschool program has the opportunity to skim afterschool revenues.

Recommendation: The School should implement a procedure where someone other than the afterschool director obtains monthly reports of afterschool attendance and reconciles to amounts deposited.

2023-004

Immaterial Noncompliance

Criteria: For RT-6, *Florida Department of Revenue Employer's Quarterly Report*, should include all employee compensation.

Condition: The RT-6 for the quarter ended December 31, 2022 did not include all employee compensation.

Effect: The RT-6 for the quarter ended December 31, 2022 was \$19,713 less than reportable employee compensation.

Recommendation: The School should consider whether to amend the RT-6.



Healthy Learning Academy

A Tuition-Free, Elementary Charter School

13505 West Newberry Road, Jonesville, FL 32669

www.healthylearningacademy.com

Phone: 352-372-2279

Fax: 352-372-1665

October 4, 2023

Kattell & Company, P.L.
808-B NW 16th Avenue
Gainesville FL 32601

Dear Sir/Madam,

This letter is to verify that I have received the results of the Financial Audit prepared by Kattell & Company, P.L. The following are my responses to the Schedule of Findings.

In Regards to 2023-001:-Significant Deficiency:

We will ensure that Healthy Learning Academy will prepare a budget for actual reports on a monthly basis. These reports will be reviewed by staff and the board of directors to ensure proper management and governance of the financial activities of the school. We will ensure that any amendments to the budget will be approved by the board of directors and posted to the school website.

In Regards to 2023-002:-Significant Deficiency:

We will ensure that Healthy Learning Academy will refamiliarize itself with the allowable uses of capital outlay funds so that these funds may be fully utilized for allowable purposes.

In Regards to 2023-003:-Significant Deficiency:

We will ensure that Healthy Learning Academy will implement a procedure where someone other than the after school director obtains monthly reports of after school attendance and reconciles to amounts deposited.

In Regards to 2023-004 Immaterial Noncompliance:

We will amend the RT-6 for the quarter ending December 31, 2022.

Sincerely,

Suzanne H. Borganelli

Principal

Healthy Learning Academy