

**VOLUSIA CHARTER SCHOOL OF
EXCELLENCE, INC.
D/B/A IVY HAWN
CHARTER SCHOOL OF THE ARTS**
A Charter School and Component Unit of the
District School Board of Volusia County, Florida

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2022

King & Walker, CPAs, PL

Certified Public Accountants

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**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

TABLE OF CONTENTS

	PAGE <u>NO.</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis – (Unaudited)	4
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Notes to Financial Statements	15
Other Required Supplementary Information	
Budgetary Comparison Schedule – General Fund and Special Revenue Fund – (Unaudited)	27
Note to Required Supplementary Information	28
COMPLIANCE AND INTERNAL CONTROL	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	29
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i>	31

Members:
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Independent Auditor's Report

To the Board of Directors of the Volusia Charter School of Excellence, Inc.
d/b/a Ivy Hawn Charter School of the Arts,
a Charter School and Component Unit of the District
School Board of Volusia County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Volusia Charter School of Excellence, Inc. d/b/a Ivy Hawn Charter School of the Arts ("School"), a charter school and component unit of the District School Board of Volusia County, Florida, as of and for the year ended June 30, 2022, 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, 2022, 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 Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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, the Budgetary Comparison Schedule, and Note to Required Supplementary 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 September 26, 2022, 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.

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 26, 2022
Tampa, Florida

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Volusia Charter School of Excellence, Inc. d/b/a Ivy Hawn Charter School of the Arts (“School”) provides an overview of the School’s financial activities for the fiscal year ended June 30, 2022.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as listed on the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2022, the School’s revenues exceeded expenses as shown on the School’s Statement of Activities by \$115,011.
- As shown on the Balance Sheet - Governmental Funds, the School reported a total combined fund balance of \$2,848,348.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates four funds, a General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. All funds are considered major funds.

The School adopts annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budgets.

Notes to Financial Statements

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

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School’s current year and prior year net position:

	Net Position, End of Year		
	<u>Governmental Activities</u>		
	<u>6-30-21</u>	<u>6-30-22</u>	<u>Increase (Decrease)</u>
ASSETS			
Current and Other Assets	\$ 3,160,143	\$ 3,344,263	\$ 184,120
Capital Assets, Net	<u>15,489,556</u>	<u>15,235,074</u>	<u>(254,482)</u>
Total Assets	<u>18,649,699</u>	<u>18,579,337</u>	<u>(70,362)</u>
LIABILITIES			
Current Liabilities	788,005	901,129	113,124
Noncurrent Liabilities	<u>17,858,885</u>	<u>17,560,388</u>	<u>(298,497)</u>
Total Liabilities	<u>18,646,890</u>	<u>18,461,517</u>	<u>(185,373)</u>
NET POSITION			
Net Investment in Capital Assets	(2,369,326)	(2,325,314)	44,012
Restricted for Debt Service	1,414,557	1,830,387	415,830
Unrestricted	<u>957,578</u>	<u>612,747</u>	<u>(344,831)</u>
Total Net Position	<u>\$ 2,809</u>	<u>\$ 117,820</u>	<u>\$ 115,011</u>

The assets of the School primarily consist of cash & cash equivalents and capital assets net of accumulated depreciation/amortization. Current liabilities consist of salaries and benefits payable, accounts payable, and accrued interest on bonds. Noncurrent liabilities consist of a long-term lease payable and bonds payable.

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS

A Charter School and Component Unit of the District School Board of Volusia County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School’s change in net position for the current year and prior year:

	Operating Results for the Year		
	<u>Governmental Activities</u>		
	<u>6-30-21</u>	<u>6-30-22</u>	<u>Increase (Decrease)</u>
Revenues:			
Federal Through State and Local	\$ 408,944	\$ 524,397	\$ 115,453
State	6,929,789	7,022,024	92,235
Local and Other	376,573	520,933	144,360
Special Item - Forgiveness of Debt	900,086	-	(900,086)
Total Revenues	<u>8,615,392</u>	<u>8,067,354</u>	<u>(548,038)</u>
Expenses:			
Instruction	4,832,292	4,314,831	(517,461)
Student Support Services	67,091	80,296	13,205
Instructional Staff Training	-	14,538	14,538
Instructional Related Technology	54,011	58,105	4,094
Board	33,726	94,477	60,751
General Administration	33,059	33,208	149
School Administration	748,491	711,582	(36,909)
Facilities Acquisition & Construction	9,361	32,642	23,281
Fiscal Services	102,812	104,889	2,077
Food Services	70,415	74,871	4,456
Central Services	32,975	44,318	11,343
Student Transportation	-	3,300	3,300
Operation of Plant	446,975	896,770	449,795
Maintenance of Plant	98,762	146,413	47,651
Community Service	227,975	351,048	123,073
Debt Service - Interest	1,001,079	991,055	(10,024)
Total Expenses	<u>7,759,024</u>	<u>7,952,343</u>	<u>193,319</u>
Increase/(Decrease) in Net Position	<u>\$ 856,368</u>	<u>\$ 115,011</u>	<u>\$ (741,357)</u>

The largest revenue source for the School is the State of Florida (87%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The largest concentration of expenses was for Instruction related functions which represents 56% of total expenditures.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
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A Charter School and Component Unit of the District School Board of Volusia County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$2,848,348.

BUDGETARY HIGHLIGHTS

The General Fund and Special Revenue budgets for the fiscal year ended June 30, 2022, were developed based on the School's anticipated revenues and expenditures, the expected student population, and Federal grant programs for the school year. Over the course of the year management monitors and may revise the budgets. For the fiscal year ended June 30, 2022, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$15,235,074 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings & fixed equipment, furniture, fixtures, and equipment, leased asset – equipment, and construction in progress. Additional information regarding the School's capital assets can be found in the notes to financial statements.

Long-Term Debt

At June 30, 2022, the School's primary long-term debt outstanding was the result of bonds issued to purchase the land and the buildings the School had been previously leasing. The School also has an outstanding long-term lease payable entered into to secure various computer equipment for educational purposes. Additional information about the School's long-term debt is presented in the notes to financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Principal, at the Ivy Hawn Charter School of the Arts, 565 South Lakeview Drive, Unit 110, Lake Helen, FL 32744.

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2022

	Government Activities
ASSETS	
Cash & Cash Equivalents	\$ 3,286,663
Due From Other Agencies	13,024
Prepaid Items & Deposits	44,576
Capital Assets:	
Land	1,009,620
Buildings & Fixed Equipment, Net	13,976,999
Leased Asset - Equipment, Net	42,085
Furniture, Fixtures, and Equipment, Net	187,020
Construction in Progress	19,350
Total Capital Assets	15,235,074
TOTAL ASSETS	18,579,337
LIABILITIES	
Salaries and Benefits Payable	462,408
Accounts Payable	33,507
Accrued Interest on Bonds	405,214
Noncurrent Liabilities:	
Due Within One Year:	
Long-Term Lease Payable	43,898
Bonds Payable	220,000
Due After One Year:	
Bonds Payable	17,296,490
TOTAL LIABILITIES	18,461,517
NET POSITION	
Net Investment in Capital Assets	(2,325,314)
Restricted for Debt Service	1,830,387
Unrestricted	612,747
TOTAL NET POSITION	\$ 117,820

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

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 4,314,831	\$ -	\$ 217,136	\$ -	\$ (4,097,695)
Student Support Services	80,296	-	-	-	(80,296)
Instructional Staff Training	14,538	-	-	-	(14,538)
Instructional Related Technology	58,105	-	-	-	(58,105)
Board	94,477	-	-	-	(94,477)
General Administration	33,208	-	-	-	(33,208)
School Administration	711,582	-	-	-	(711,582)
Facilities Acquisition & Construction	32,642	-	-	-	(32,642)
Fiscal Services	104,889	-	-	-	(104,889)
Food Services	74,871	-	-	-	(74,871)
Central Services	44,318	-	-	-	(44,318)
Student Transportation	3,300	-	-	-	(3,300)
Operation of Plant	896,770	-	4,519	-	(892,251)
Maintenance of Plant	146,413	-	40,032	-	(106,381)
Community Service	351,048	-	-	-	(351,048)
Debt Service - Interest	991,055	-	-	501,092	(489,963)
Total Governmental Activities	\$ 7,952,343	\$ -	\$ 261,687	\$ 501,092	(7,189,564)
General Revenue					
State Sources					6,520,932
Grants and Contributions not restricted to specific program					262,710
Local and Other					520,933
Total General Revenues					7,304,575
Change in Net Position					115,011
Net Position - July 1, 2021					2,809
Net Position - June 30, 2022					\$ 117,820

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

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 1,456,276	\$ -	\$ -	\$ 1,830,387	\$ 3,286,663
Due From Other Agencies	-	13,024	-	-	13,024
Prepaid Items & Deposits	44,576	-	-	-	44,576
Due from Other Funds	13,024	-	-	-	13,024
Total Assets	\$ 1,513,876	\$ 13,024	\$ -	\$ 1,830,387	\$ 3,357,287
LIABILITIES					
Salaries and Benefits Payable	\$ 462,408	\$ -	\$ -	\$ -	\$ 462,408
Accounts Payable	33,507	-	-	-	33,507
Due to Other Funds	-	13,024	-	-	13,024
Total Liabilities	495,915	13,024	-	-	508,939
FUND BALANCES					
Nonspendable	44,576	-	-	-	44,576
Restricted	-	-	-	1,830,387	1,830,387
Unassigned	973,385	-	-	-	973,385
Total Fund Balances	1,017,961	-	-	1,830,387	2,848,348
Total Liabilities and Fund Balances	\$ 1,513,876	\$ 13,024	\$ -	\$ 1,830,387	\$ 3,357,287

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

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total Fund Balances - Governmental Funds		\$ 2,848,348
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		15,235,074
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		
Accrued Interest on Bond	(405,214)	
Long-Term Lease Payable	(43,898)	
Bonds Payable	<u>(17,516,490)</u>	<u>(17,965,602)</u>
Total Net Position - Governmental Activities		<u><u>\$ 117,820</u></u>

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

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Intergovernmental:					
Federal Through State and Local State	\$ -	\$ 524,397	\$ -	\$ -	\$ 524,397
State	6,520,932	-	501,092	-	7,022,024
Local and Other	520,572	-	-	361	520,933
Total Revenues	<u>7,041,504</u>	<u>524,397</u>	<u>501,092</u>	<u>361</u>	<u>8,067,354</u>
Expenditures					
Current - Education:					
Instruction	3,927,244	217,136	-	-	4,144,380
Student Support Services	80,296	-	-	-	80,296
Instructional Staff Training	14,538	-	-	-	14,538
Instructional Related Technology	58,105	-	-	-	58,105
Board	94,477	-	-	-	94,477
General Administration	33,208	-	-	-	33,208
School Administration	711,582	-	-	-	711,582
Facilities Acquisition & Construction	32,642	-	-	-	32,642
Fiscal Services	104,889	-	-	-	104,889
Food Services	74,871	-	-	-	74,871
Central Services	44,318	-	-	-	44,318
Student Transportation	3,300	-	-	-	3,300
Operation of Plant	487,592	4,519	-	-	492,111
Maintenance of Plant	106,381	40,032	-	-	146,413
Community Service	351,048	-	-	-	351,048
Fixed Capital Outlay:					
Facilities Acquisition & Construction	33,618	87,710	-	-	121,328
Other Capital Outlay	24,300	175,000	-	-	199,300
Debt Service:					
Principal	93,237	-	-	210,000	303,237
Interest	12,870	-	-	978,106	990,976
Total Expenditures	<u>6,288,516</u>	<u>524,397</u>	<u>-</u>	<u>1,188,106</u>	<u>8,001,019</u>
Excess/(Deficiency) of Revenues					
Over Expenditures	752,988	-	501,092	(1,187,745)	66,335
Other Financing Sources (Uses):					
Transfers In/(Out)	(692,605)	-	(501,095)	1,193,700	-
Total Other Financing Sources (Uses)	<u>(692,605)</u>	<u>-</u>	<u>(501,095)</u>	<u>1,193,700</u>	<u>-</u>
Net Change in Fund Balances	60,383	-	(3)	5,955	66,335
Fund Balances, July 1, 2021	957,578	-	3	1,824,432	2,782,013
Fund Balances, June 30, 2022	<u>\$ 1,017,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,387</u>	<u>\$ 2,848,348</u>

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

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds	\$	66,335
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.</p>		
Capital Outlays	320,628	
Depreciation/Amortization Expense	<u>(575,110)</u>	(254,482)
<p>The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.</p>		
		303,237
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported in governmental funds:</p>		
Accrued Interest on Bonds		4,661
Amortization of Bond Discount		<u>(4,740)</u>
Change in Net Position - Governmental Activities	\$	<u>115,011</u>

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

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Volusia Charter School of Excellence, Inc. d/b/a Ivy Hawn Charter School of the Arts (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

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 District School Board of Volusia County, Florida, (“District”). The School’s charter is effective to June 30, 2030, is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within 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 provides 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.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for Federal grant programs.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with capital outlay funds.
- Debt Service Fund – to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become 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. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term liquid investments with original maturities of three months or less at the date of acquisition.

Cash deposits consist of demand deposits held by local financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Investments**

The School had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The School's investments are set aside to make debt service payments and maintain sinking or reserve funds and are classified as restricted. These investments are reported as Restricted for Debt Service on the Statement of Net Position and the Balance Sheet – Governmental Funds.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Fixed Equipment	10 - 39 years
Furniture, Fixtures and Equipment	3 - 10 years
Leased Asset - Equipment	4 years

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **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 Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the 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. For the fiscal year ended June 30, 2022, the School reported 946.29 unweighted FTE and 984.4613 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives Federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales, and local property tax collections.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management has determined that there are no subsequent events that require disclosure.

2. ACCOUNTING CHANGE

The School implemented GASB Statement No. 87 - Leases, which establishes a single model for lease accounting based on the principle that leases are financing of the right to use an asset. This statement increases the usefulness of the School's financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating. In the current fiscal year, the School recognized a lease liability and an intangible right-to-use asset (Leased Asset - Equipment), which applies to their instructional equipment lease.

3. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2022, the School was exposed to custodial credit risk. One of the School's bank accounts exceeded the FDIC insurance limit by \$1,206,276.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

4. INVESTMENTS

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the School's recurring fair value measurements as of June 30, 2022, are valued using quoted market prices (Level 1 inputs).

The School's investments at June 30, 2022, are reported as follows:

Investment	Amount
Truist Bank Trust Deposit Program - Money Market	\$ 1,830,387
Total	\$ 1,830,387

This investment is reported as a cash equivalent for financial statement reporting purposes.

5. DUE FROM OTHER AGENCIES

The amount Due From Other Agencies included in the accompanying statement of net position and balance sheet – governmental funds consists of an amount due from the Volusia County School Board for Federal grant expenditures already spent and awaiting reimbursement in the Special Revenue Fund. This receivable is considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Land	\$ 1,009,620	\$ -	\$ -	\$ 1,009,620
Construction in Progress	-	19,350	-	19,350
Buildings & Fixed Equipment	15,523,327	101,978	-	15,625,305
Furniture, Fixtures and Equipment	1,256,707	199,300	-	1,456,007
Leased Asset - Equipment	212,641	-	-	212,641
Total Capital Assets	18,002,295	320,628	-	18,322,923
Less Accumulated Depreciation/Amortization for:				
Buildings & Fixed Equipment	(1,243,646)	(404,660)	-	(1,648,306)
Furniture, Fixtures and Equipment	(1,151,697)	(117,290)	-	(1,268,987)
Leased Asset - Equipment	(117,396)	(53,160)	-	(170,556)
Total Accumulated Depreciation/Amortization	(2,512,739)	(575,110)	-	(3,087,849)
Governmental Activities Capital Assets, net	\$ 15,489,556	\$ (254,482)	\$ -	\$ 15,235,074

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	Amount
Instruction	\$ 170,451
Operation of Plant	404,659
Total depreciation/amortization expense	\$ 575,110

7. LONG-TERM LEASE PAYABLE

The School entered into capital lease agreements on various dates in order to acquire office and computer equipment. The asset value of the various office and computer equipment acquired totals \$212,641. The capital lease agreements require periodic payments over future years and interest rate of 7.72 percent.

The annual requirements to amortize the capital leases outstanding at June 30, 2022, follows:

Fiscal Year	Total	Principal	Interest
Ending June 30	Total	Principal	Interest
2023	\$ 45,323	\$ 43,898	\$ 1,425
Total	\$ 45,323	\$ 43,898	\$ 1,425

8. BONDS PAYABLE

Bonds payable at June 30, 2022, are as follows:

Bond Type	Amount Outstanding	Interest Rates	Annual Maturity To
Series 2018A	\$ 17,480,000	5.5 percent	2054
Series 2018B	185,000	5.5 percent	2023
<i>less: Unamortized Bond Discount</i>	<i>(148,510)</i>		
	\$ 17,516,490		

Revenue Bonds Series 2018A and 2018B – On November 1, 2018, the School issued tax-exempt revenue bonds (Series 2018A) for \$17,635,000 and taxable revenue bonds (Series 2018B) for \$240,000 secured by a mortgage on the School’s property and buildings. The bonds were issued to (I) finance or refinance, including through reimbursement, the acquisition, improvement and equipping of the Facilities; (II) refinance certain indebtedness, the proceeds of which was used to fund capital projects related the Facilities, (III) finance certain additional capital improvements to the Facilities, (IV) fund a debt service reserve for the Series 2018 Bonds; (V) pay certain costs of issuing the Series 2018 Bonds.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Series 2018A bonds are term bonds paying interest semi-annually at a rate of 5.5% with maturities starting 7/15/2021, and ending 7/15/2053. Series 2018B bonds are term bonds paying interest semi-annually at a rate of 5.5% with maturities starting 7/15/2021, and ending 7/15/2024.

As required by the bond resolution, the School has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

In the event of default for non-payment of principal or interest on the bonds, the outstanding amounts will become due and payable. The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement. The required minimum debt service coverage ratio is 1.1 to 1 as of June 30, 2022. The School's debt service coverage ratio as calculated was 1.70.

The School agrees to have cash on hand in an amount of not less than 45 days cash on hand each June 30 starting June 30, 2021, until the bonds are no longer outstanding. As of June 30, 2022, the Schools number of days cash on hand was 83.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 1,192,513	220,000	972,513
2024	1,090,763	230,000	860,763
2025	1,193,513	245,000	948,513
2026	1,190,450	255,000	935,450
2027	1,192,700	270,000	922,700
2028-2032	6,067,400	1,575,000	4,492,400
2033-2037	5,961,481	2,035,000	3,926,481
2038-2042	5,960,206	2,645,000	3,315,206
2043-2047	5,969,975	3,465,000	2,504,975
2048-2052	5,964,938	4,530,000	1,434,938
2053-2054	2,386,188	2,195,000	191,188
<i>Unamortized Bond Discount</i>	<u>(148,510)</u>	<u>(148,510)</u>	<u>-</u>
Total	<u><u>\$ 38,021,617</u></u>	<u><u>\$ 17,516,490</u></u>	<u><u>\$ 20,505,127</u></u>

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

9. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Bonds Payable	\$ 17,395,000	\$ -	\$ (210,000)	\$ 17,185,000	\$ 220,000
Unamortized Bond Discount	(153,250)	-	4,740	(148,510)	-
Total Bonds Payable	17,241,750	-	(205,260)	17,036,490	220,000
Long-Term Lease Payable	137,135	-	(93,237)	43,898	43,898
Total Governmental Activities	<u>\$ 17,378,885</u>	<u>\$ -</u>	<u>\$ (298,497)</u>	<u>\$ 17,080,388</u>	<u>\$ 263,898</u>

10. INTERFUND RECEIVABLES, PAYABLES, & TRANSFERS

At June 30, 2022, the School’s Special Revenue Fund owed the General Fund \$13,024 for expenditures already paid and awaiting reimbursement from other agencies. These amounts are netted together and not reported in the statement of net position.

The School’s General Fund and Capital Projects Fund transferred \$692,605 and \$501,095, respectively, to the Debt Service Fund for interest payments owed on long-term debt. These amounts of interfund transfers are netted together and not reported in the statement of activities.

11. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue for the 2021-22 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 5,392,809
Categorical Programs:	
Class Size Reduction	892,019
Charter School Capital Outlay	501,092
Miscellaneous	236,104
Total State Revenue	<u>\$ 7,022,024</u>

As provided in the charter school contract, the District has charged the School an administrative fee equal of \$33,208.

12. PENSION PLAN

The School has a retirement plan (the “Plan”) pursuant to Section 408(p) of the Internal Revenue Code (the “Code”), whereby participants may contribute a percentage of compensation, not in excess of the maximum amount allowed under the Code. The Plan requires the School to make matching contributions in an amount equal to the participants’ salary reduction contribution up to a maximum of three percent of each participant’s annual compensation. For the fiscal year ended June 30, 2022, the School contributed \$15,658 to the Plan.

**VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS**

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

13. FACILITY LEASES

The School in November 2018 chose to purchase the buildings that they had been leasing. Bonds were issued for the purchase of the buildings which is further discussed in Note 8 of the financial statements. Subsequent to the purchase, office space that is not currently needed for the School are leased month to month to 3rd party lessees. For the 2022 fiscal year, the rents collected by the School as revenue amounted to \$99,487. The School intends to continue the leases until such time as that office space is needed for School expansion.

14. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from Federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

15. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

16. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2022, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

17. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.
D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF VOLUSIA COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal Through State and Local State	\$ -	\$ -	\$ -	\$ -	\$ 28,000	\$ 524,397	\$ 524,397	\$ -
Local and Other	6,575,244	6,520,932	6,520,932	-	-	-	-	-
Total Revenues	<u>7,025,244</u>	<u>7,041,504</u>	<u>7,041,504</u>	<u>-</u>	<u>28,000</u>	<u>524,397</u>	<u>524,397</u>	<u>-</u>
Expenditures:								
Current - Education:								
Instruction	4,066,256	3,927,244	3,927,244	-	-	217,136	217,136	-
Student Support Services	77,585	80,296	80,296	-	28,000	-	-	-
Instructional Staff Training	-	14,538	14,538	-	-	-	-	-
Instructional Related Technology	55,735	58,105	58,105	-	-	-	-	-
Board	31,990	94,477	94,477	-	-	-	-	-
General Administration	34,716	33,208	33,208	-	-	-	-	-
School Administration	779,093	711,582	711,582	-	-	-	-	-
Facilities Acquisition & Construction	14,400	32,642	32,642	-	-	-	-	-
Fiscal Services	104,300	104,889	104,889	-	-	-	-	-
Food Services	71,085	74,871	74,871	-	-	-	-	-
Central Services	31,900	44,318	44,318	-	-	-	-	-
Student Transportation	-	3,300	3,300	-	-	-	-	-
Operation of Plant	367,073	487,592	487,592	-	-	4,519	4,519	-
Maintenance of Plant	110,215	106,381	106,381	-	-	40,032	40,032	-
Community Service	270,000	351,048	351,048	-	-	-	-	-
Fixed Capital Outlay:	-	-	-	-	-	-	-	-
Facilities Acquisition & Construction	-	33,618	33,618	-	-	87,710	87,710	-
Other Capital Outlay	-	24,300	24,300	-	-	175,000	175,000	-
Debt Service:	-	-	-	-	-	-	-	-
Principal	-	93,237	93,237	-	-	-	-	-
Interest	-	12,870	12,870	-	-	-	-	-
Total Expenditures	<u>6,014,348</u>	<u>6,288,516</u>	<u>6,288,516</u>	<u>-</u>	<u>28,000</u>	<u>524,397</u>	<u>524,397</u>	<u>-</u>
Excess (Deficiency) of Revenues								
Over Expenditures	<u>1,010,896</u>	<u>752,988</u>	<u>752,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers In/(Out)	<u>(497,925)</u>	<u>(692,605)</u>	<u>(692,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(497,925)</u>	<u>(692,605)</u>	<u>(692,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	512,971	60,383	60,383	-	-	-	-	-
Fund Balances, July 1, 2021	957,578	957,578	957,578	-	-	-	-	-
Fund Balances, June 30, 2022	<u>\$ 1,470,549</u>	<u>\$ 1,017,961</u>	<u>\$ 1,017,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

VOLUSIA CHARTER SCHOOL OF EXCELLENCE, INC.

D/B/A IVY HAWN CHARTER SCHOOL OF THE ARTS

A Charter School and Component Unit of the District School Board of Volusia County, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Members:
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**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***

Independent Auditor's Report

To the Board of Directors of the Volusia Charter School of Excellence, Inc.
d/b/a Ivy Hawn Charter School of the Arts,
a Charter School and Component Unit of the District
School Board of Volusia County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Volusia Charter School of Excellence, Inc. d/b/a Ivy Hawn Charter School of the Arts (“School”), a charter school and component unit of the District School Board of Volusia County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 26, 2022.

Report on 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 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

King & Walker, CPAs

September 26, 2022
Tampa, Florida

Members:
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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Volusia Charter School of Excellence, Inc.
d/b/a Ivy Hawn Charter School of the Arts,
a Charter School and Component Unit of the District
School Board of Volusia County, Florida

Report on the Financial Statements

We have audited the financial statements of the Volusia Charter School of Excellence, Inc. d/b/a Ivy Hawn Charter School of the Arts (“School”), a charter school and a component unit of the District School Board of Volusia County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 26, 2022.

Auditor’s 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 Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 26, 2022, 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Ivy Hawn Charter School of the Arts, 647621.

Financial Condition

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

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 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. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Respectfully submitted,



September 26, 2022
Tampa, Florida