

**DISTRICT SCHOOL BOARD, CHARTER SCHOOL AND CHARTER
TECHNICAL CAREER CENTER, THE FLORIDA VIRTUAL SCHOOL
(INCLUDING FLORIDA VIRTUAL SCHOOL GLOBAL), AND
VIRTUAL INSTRUCTION PROGRAM PROVIDER
AUDIT REPORT SUBMITTAL CHECKLIST**

Entity Name: Highly Inquisitive & Versatile Education (HIVE) Preparatory School

Entity Address: 5855 NW 177 ST, Miami Gardens, FL 33015

Entity Contact Person:

Name: Carlos Gonzalez

Title: Principal

Phone Number: 305-231-4888

E-mail Address: cvgonzalez@hiveprep.com

CPA or Other (if applicable):

Name: Alexander Sueiro, CPA

Title: Partner

Phone Number: 305-567-0150

E-mail Address: asueiro@paast.com

Fiscal Year Audited: June 30, 2021

Date the auditor delivered the audit report to the entity: 9/16/2021

Does the audit report include the following items required by Sections 10.806(2) or 10.856(2), Rules of the Auditor General, as applicable?

Financial statements, as described in Sections 10.805(3) and 10.855(3) - (7), Rules of the Auditor General, as applicable, together with related notes to financial statements?

Required supplementary information such as the management's discussion and analysis?

The auditor's report on the financial statements?

The auditor's report on internal control and compliance?

N/A Any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or other applicable Federal law?

The management letter defined in Sections 10.804(1)(f) and 10.854(1)(e), Rules of the Auditor General, as applicable?

N/A The written statement of explanation or rebuttal required by Sections 10.807(2) and 10.857(2), Rules of the Auditor General, as applicable?

In addition to the above, have the following requirements been complied with:

✓ Are all of the above elements of the audit report included in a **single document** as required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General, as applicable?

✓ Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Sections 10.807(4) and 10.857(4), Rules of the Auditor General, as applicable?

✓ Is the electronic copy named using all lower case letters as follows: [fiscal year] [name of entity].pdf? For example, the converted document for the 2020-21 fiscal year for Alachua County District School Board should be named 2021 alachua county dsb.pdf, while the converted document for the 2020-21 fiscal year for Alachua Learning Center, Inc. should be named 2021 alachua learning center.pdf. If the charter school goes by a DBA (doing business as), use the DBA in the file name.

✓ Was the audit report submitted within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year as required by Section 218.39(7), Florida Statutes, as referenced by Sections 10.807(4) and 10.857(4), Rules of the Auditor General? **NOTE:** There is no provision in law authorizing an extension for filing the audit report.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Telephone: (850) 412-2881

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Web site Address: FLAuditor.gov

HIGHLY INQUISITIVE & VERSATILE EDUCATION (HIVE) PREPARATORY SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2021

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
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HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

As management of Highly Inquisitive & Versatile Education (HIVE) Preparatory School (the "School") and Advanced Learning Charter School, Inc. (the "Charter Holder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021 to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements starting on page 9.

Financial Highlights

- Assets exceeded liabilities at the end of the fiscal year by \$826,825 (net position).
- Current assets exceeded current liabilities at the end of the fiscal year by \$1,357,957.
- The decrease in net position for the year ended June 30, 2021 was \$263,117.
- The unassigned fund balance at the end of the fiscal year was \$1,371,803.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide readers with a broad overview of the School's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state and federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself. The School Board of Miami-Dade County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund Financial Statements A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities and objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenue, expenditures and changes in fund balances. The general fund and special revenue fund are considered to be major funds. The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules have been provided to demonstrate compliance with this budget and can be found on pages 28 and 29 of this report.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Government-wide Financial Analysis

As noted previously, net position serves, over time, as a useful indicator of the School's financial position. For the years ended June 30, 2021 and 2020, the School's assets exceeded liabilities by \$826,825 and \$1,089,942, respectively.

**HIVE Preparatory School
Statements of Net Position**

	Governmental Activities		
	2021	2020	Variance
ASSETS			
Cash and cash equivalents	\$ 1,618,869	\$ 1,318,220	\$ 300,649
Due from other agencies	280,910	44,796	236,114
Other assets	4,312	4,312	-
Capital assets, net of depreciation	<u>11,668,040</u>	<u>12,070,975</u>	<u>(402,935)</u>
Total assets	<u>\$ 13,572,131</u>	<u>\$ 13,438,303</u>	<u>\$ 133,828</u>
LIABILITIES			
Current and other liabilities	\$ 546,134	\$ 135,555	\$ 410,579
Long-term liabilities	<u>12,199,172</u>	<u>12,212,806</u>	<u>(13,634)</u>
Total liabilities	<u>\$ 12,745,306</u>	<u>\$ 12,348,361</u>	<u>\$ 396,945</u>
NET POSITION			
Net investment in capital assets	\$ (527,054)	\$ 1,392,219	\$ (1,919,273)
Restricted	3,861	3,861	-
Unrestricted (deficit)	<u>1,350,018</u>	<u>(306,138)</u>	<u>1,656,156</u>
Total net position	<u>\$ 826,825</u>	<u>\$ 1,089,942</u>	<u>\$ (263,117)</u>

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Government-wide Financial Analysis (Continued)

**HIVE Preparatory School
Statement of Activities**

	2021	2020	Variance
Revenue:			
Federal through Local	\$ 615,848	\$ 673,192	\$ (57,344)
State and Local	7,233,077	6,764,262	468,815
Aftercare and lunch fees	118,129	258,340	(140,211)
Other Revenue (including Charges for Services)	<u>220,683</u>	<u>696,324</u>	<u>(475,641)</u>
Total Revenue	<u>8,187,737</u>	<u>8,392,118</u>	<u>(204,381)</u>
Expenses:			
Instruction	3,867,917	3,549,896	318,021
Instruction and Curriculum Development	10,189	12,209	(2,020)
General Administration	278,545	300,220	(21,675)
School Administration	1,154,629	1,104,291	50,338
Facilities Acquisition and Construction	119,557	149,434	(29,877)
Fiscal Services	654,531	629,870	24,661
Food Services	229,221	348,826	(119,605)
Operation of Plant - Interest on Capital Lease	1,006,748	1,005,960	788
Operation of Plant - Depreciation	562,932	564,844	(1,912)
Operation of Plant - Other	344,474	340,191	4,283
Maintenance of Plant	69,327	18,808	50,519
Community Services	<u>152,784</u>	<u>193,777</u>	<u>(40,993)</u>
Total Expenses	<u>8,450,854</u>	<u>8,218,326</u>	<u>232,528</u>
Other income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(263,117)	173,792	(436,909)
Net position at the beginning of the year	<u>1,089,942</u>	<u>916,150</u>	<u>173,792</u>
Net position at the end of the year	\$ <u><u>826,825</u></u>	\$ <u><u>1,089,942</u></u>	\$ <u><u>(263,117)</u></u>

Accomplishments The School earned a letter grade of "A" for eleven consecutive years. Due to the COVID-19 pandemic, the Florida Department of Education suspended state-mandated assessments for the 2021 and 2020 years. However, data from school-based internal assessments reflects that students continued to make significant learning gains. The School is ranked among the top 10% of public schools and top 1% of Title 1 public schools in the State of Florida, based on the points it received under the State's Accountability Program. HIVE Prep is STEM accredited by the Miami-Dade County Public Schools system and is consistently categorized as a high scoring K-8 STEM School in the District. HIVE Prep continues to be recognized as an FLDOE High Performing Charter School (since 2013).

Financial Analysis of the Governmental Funds

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

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

Most of the School's operations are funded in the general fund. The majority of the general fund revenues are distributed to the School by the District through the Florida Education Finance Program ("FEFP"), which uses formulas to distribute state funds and an amount of local property taxes (i.e. required local effort) established each year by the Florida Legislature.

At the end of the current fiscal year, the School's governmental general fund reported an ending fund balance of \$1,379,976 of which \$1,371,803 is unassigned and available for spending at the School's discretion. These funds will be available for the School's future ongoing operations.

Capital Improvement Requirements The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as needed.

Capital Assets The School's investment in capital assets for its governmental activities as of June 30, 2021 totaled \$11,668,040, net of accumulated depreciation. This investment in capital assets includes property acquired under a capital lease, leasehold improvements, furniture, fixtures and equipment, audio visual equipment, computers and peripherals, and textbooks. Additional information on the School's capital assets can be found in Note 3 of the Financial Statements on page 22 of this report.

Long-term Debt The School's long-term liabilities at June 30, 2021 totaled \$12,199,172. The balance is comprised of a credit facility in amount of \$176,097 and \$12,023,075 associated with the long-term portion of the capital lease obligation resulting from the School's Facility Lease. Further discussions of the School's long-term debt and capital lease can be found in Notes 5 and 6, respectively, of the Financial Statements on pages 23 and 24 of this report.

School Location For 2020-2021, the School continues to operate from its facility located at 5855 NW 171 Street, Miami Gardens, FL 33015.

Impact of Coronavirus on School During the year ended June 30, 2021, the School was impacted by public health orders and School closures by local and regional governments issued in response to COVID-19, resulting in loss of revenues from sources such as after school programs, day care, summer camp, and extracurricular activities. The School also incurred increased costs to transition remote/hybrid learning and other needs arising as a result of the pandemic. During the year, the School received relief in the form of various grants, awards, and short-term financing which helped mitigate the effect on cash flows.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
 (A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Governmental Fund Budgetary Highlights

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

	Budget		Actual
	Original	Final	
Revenue:			
FTE Funding	\$ 6,372,248	\$ 6,526,007	\$ 6,686,282
Charter Capital Outlay	546,795	546,795	-
Title 1	292,000	275,288	275,288
NSLP and Lunch Fees	463,085	217,777	258,417
After Care and Summer Program	222,045	179,705	118,129
Other Revenue	<u>911,645</u>	<u>367,849</u>	<u>849,621</u>
Total Revenue	<u>8,807,818</u>	<u>8,113,421</u>	<u>8,187,737</u>
Expenditures:			
Instruction	3,635,678	3,693,012	3,722,639
Instruction and Curriculum Development	211,650	10,188	10,189
General Administration	57,074	89,086	278,545
School Administration	1,417,078	1,296,674	1,154,630
Facility Acquisition and Construction	54,466	31,338	38,148
Fiscal Services	695,511	690,678	654,531
Food Services	338,782	227,600	227,986
Operation of Plant - Capital Lease Payments	1,095,441	1,006,747	1,007,738
Operation of Plant - Other	532,754	361,692	344,474
Maintenance of Plant	171,702	69,326	69,327
Community Services	185,432	153,702	152,784
Capital Outlay:			
Other Capital Outlay	<u>174,710</u>	<u>174,710</u>	<u>379,533</u>
Total Expenditures	<u>8,570,278</u>	<u>7,804,753</u>	<u>8,040,524</u>
Excess Expenditures over Revenues	<u>\$ 237,540</u>	<u>\$ 308,668</u>	<u>\$ 147,213</u>

Most of the variances were the result of uncertainty at the time of the original budget due to changes brought about by the COVID-19 pandemic. The final budget was formulated based on actual FTE counts and staffing level, as well as, additional knowledge of program modifications and closures.

Requests For Information This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Mr. Carlos Gonzalez at HIVE Preparatory School, 5855 NW 171 Street, Miami Gardens, FL 33015.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Highly Inquisitive & Versatile Education Preparatory School
Miami Gardens, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Highly Inquisitive & Versatile Education ("HIVE") Preparatory School, (the "School"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of HIVE Preparatory School as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 28 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

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

PAAST, P.L.

Coral Gables, Florida
September 15, 2021

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,618,869
Due from other agencies	280,910
Other assets	<u>4,312</u>
Total current assets	<u>1,904,091</u>
Noncurrent assets:	
Capital assets, depreciable (Notes 3 and 6):	
Leased property under capital lease	12,000,000
Property, plant, and equipment	2,653,404
Less: accumulated depreciation	<u>(2,985,364)</u>
Capital assets, net of depreciation	<u>11,668,040</u>
TOTAL ASSETS	<u>\$ 13,572,131</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable and accrued expenses	\$ 374,115
Note payable (Note 4)	150,000
Capital lease obligation	<u>22,019</u>
Total current liabilities	<u>546,134</u>
Long-term liabilities:	
Credit facility (Note 5)	176,097
Capital lease obligation, net of current portion (Note 6)	<u>12,023,075</u>
Total long-term liabilities	<u>12,199,172</u>
TOTAL LIABILITIES	<u>12,745,306</u>
Net Position:	
Net investment in capital assets	(527,054)
Restricted	3,861
Unrestricted	<u>1,350,018</u>
Total net position	<u>826,825</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,572,131</u>

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

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 3,867,917	\$ -	\$ 275,288	\$ -	\$ (3,592,629)
Instruction and Curriculum Development	10,189	-	-	-	(10,189)
General Administration	278,545	-	-	-	(278,545)
School Administration	1,154,629	-	-	-	(1,154,629)
Facilities Acquisition and Construction	119,557	-	-	-	(119,557)
Fiscal Services	654,531	-	-	-	(654,531)
Food Services	229,221	-	258,417	-	29,196
Operation of Plant - Interest on Capital Lease	1,006,748	-	-	-	(1,006,748)
Operation of Plant - Depreciation	562,932	-	-	-	(562,932)
Operation of Plant - Other	344,474	-	82,143	546,795	284,464
Maintenance of Plant	69,327	-	-	-	(69,327)
Community Services	152,784	118,129	-	-	(34,655)
Total Governmental activities	<u>\$ 8,450,854</u>	<u>\$ 118,129</u>	<u>\$ 615,848</u>	<u>\$ 546,795</u>	<u>(7,170,082)</u>
General revenue:					
State passed through local school district					6,686,282
Other revenue					<u>220,683</u>
					<u>6,906,965</u>
Change in net position					(263,117)
Net position, beginning					<u>1,089,942</u>
Net position, ending					<u>\$ 826,825</u>

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

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,618,869	\$ -	\$ 1,618,869
Due from other agencies	-	280,910	280,910
Due from other fund	280,910	-	280,910
Other assets	<u>4,312</u>	<u>-</u>	<u>4,312</u>
TOTAL ASSETS	<u>\$ 1,904,091</u>	<u>\$ 280,910</u>	<u>\$ 2,185,001</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 374,115	\$ -	\$ 374,115
Note payable	150,000	-	150,000
Due to other fund	<u>-</u>	<u>280,910</u>	<u>280,910</u>
TOTAL LIABILITIES	<u>524,115</u>	<u>280,910</u>	<u>805,025</u>
FUND BALANCES			
Non-spendable, not in spendable form	4,312	-	4,312
Restricted	3,861	-	3,861
Unassigned	<u>1,371,803</u>	<u>-</u>	<u>1,371,803</u>
TOTAL FUND BALANCES	<u>1,379,976</u>	<u>-</u>	<u>1,379,976</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,904,091</u>	<u>\$ 280,910</u>	<u>\$ 2,185,001</u>

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

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total Fund Balance - Governmental Funds \$ 1,379,976

Amounts reported for governmental activities in the Statement of net position are different because:

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities at year-end consist of:

Credit facility (Note 5)	(176,097)
Capital lease obligation (Note 6)	(12,045,094)

Capital assets of \$14,653,405 net of accumulated depreciation of \$2,985,365 used in governmental activities are not financial resources and therefore are not reported in governmental funds. (Note 3)

11,668,040

Total Net Position - Governmental Activities

\$ 826,825

The accompanying notes are an integral part of these financial statements

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL.
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenue:			
Federal passed through local school district	\$ -	\$ 615,848	\$ 615,848
State passed through local school district	6,686,282	546,795	7,233,077
Aftercare and lunch fees	118,129	-	118,129
Other revenue	<u>220,683</u>	-	<u>220,683</u>
Total Revenue	<u>7,025,094</u>	<u>1,162,643</u>	<u>8,187,737</u>
Expenditures:			
Instruction	3,447,351	275,288	3,722,639
Instruction and Curriculum Development	10,189	-	10,189
General Administration	278,545	-	278,545
School Administration	1,154,630	-	1,154,630
Facilities Acquisition and Construction	38,148	-	38,148
Fiscal Services	654,531	-	654,531
Food Services	-	227,986	227,986
Operation of Plant - Capital Lease Payments	1,007,738	-	1,007,738
Operation of Plant - Other	344,474	-	344,474
Maintenance of Plant	69,327	-	69,327
Community Services	152,784	-	152,784
Capital Outlay:			
Other Capital Outlay	<u>379,533</u>	-	<u>379,533</u>
Total Expenditures	<u>7,537,250</u>	<u>503,274</u>	<u>8,040,524</u>
Excess (Deficiency) of Revenue over Expenditures	(512,156)	659,369	147,213
Other Financing Sources (Uses)			
Transfers in and (out)	<u>659,369</u>	<u>(659,369)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>659,369</u>	<u>(659,369)</u>	<u>-</u>
Change in fund balance	147,213	-	147,213
Fund balance at the beginning of the year	<u>1,232,763</u>	-	<u>1,232,763</u>
Fund balance at the end of the year	<u>\$ 1,379,976</u>	<u>\$ -</u>	<u>\$ 1,379,976</u>

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

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL.
 (A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 147,213

Amounts reported for governmental activities in the statement of activities
 are different because:

Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$379,533 differed from depreciation expense of \$782,468. (Note 3) (402,935)

Repayment of debt principal is reported as an expenditure in the governmental funds, however in the statement of net position it is reflected as a reduction of liabilities and does not affect the statement of activities. (Note 6)

Repayment of debt principal for capital leases 991

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Interest expense on credit facility (8,386)

Total change in net position of governmental activities \$ (263,117)

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

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Advanced Learning Charter School, Inc. is a Florida Not-For-Profit Corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The School operates a Charter School, Highly Inquisitive & Versatile Education (HIVE) Preparatory School (the "School"), located at 5855 NW 171 Street, Miami Gardens, Florida 33015, under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "District"). The Governing Board of the School is the School's Board of Directors, which is comprised of four members. The board has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The current Charter Contract (the "Contract") with the District is effective until June 30, 2028 and may be renewed by mutual agreement between the School and the District. At the end of the Contract term, the District may choose not to renew the charter under grounds specified in the Contract, in which case the District is required to give the School written notice ninety (90) days prior to the Contract's expiration. During the term of the Contract, the District may terminate the Contract for non-compliance.

The School is located in Miami Gardens, Florida and provides educational services to students in kindergarten through eighth grade. These financial statements are for the year ended June 30, 2021, when on average, 838 students were enrolled for the year.

Basis of Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles ("GAAP"). The School applies all relevant Governmental Accounting Standards Board ("GASB") *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities presents a comparison between the direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (Continued)

Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, expenditures and other financial sources and uses. The focus of the governmental fund financial statements is on major funds, which are reported in separate columns on the fund financial statements. Two of the School's funds are deemed to be major. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

Measurement Focus, Basis Of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized in the period earned and expenses are recognized when a liability is incurred.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Non-exchange transactions occur when the School gives (or receives) value without directly receiving (or giving) equal value in exchange. The School's revenues are generally non-exchange transactions and are recognized on the accrual basis in the fiscal year in which all eligibility requirements and conditions are met.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenue, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state or other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis Of Accounting and Financial Statement Presentation (Continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund – this is the operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – this fund accounts for all resources used by the School to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

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

Cash and Cash Equivalents

The School considers all highly liquid investments with a maturity of three months or less, at date of purchase, to be cash equivalents.

Due From Other Agencies

Due from other agencies in the accompanying financial statements represent balances due from the National School Lunch Program and the Florida Department of Education for Charter School Capital Outlay. The School's management considers 100% of accounts receivable to be collectible. Accordingly, no allowance for doubtful accounts has been established.

Budgets and Budgetary Accounting

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

Capital Assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements at historical cost. Capital assets are defined by the School as assets with an initial combined cost of more than \$500 and an estimated useful life of more than two years. Donated capital assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	10 – 15
Furniture, fixtures and equipment	7 – 10
Audio visual equipment	3 – 5
Computers and peripherals	3 – 5
Textbooks	3 – 5

Property acquired under capital leases is recorded at the present value of the future minimum lease payments at the time of lease inception and depreciated using the straight-line method over the lease term.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

Long-term liabilities at June 30, 2021 include a credit facility of approximately \$176,000 (Note 5) and the long-term portion of a capital lease obligation of approximately \$12,023,075 (Note 6). The capital lease obligation was recorded at the present value of the future minimum lease payments and amortized over the lease term. The liability represents the unamortized portion of the lease obligation.

Deferred Inflows/Outflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods that will be reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods that will be reported in a separate section after liabilities. The School does not have any items that qualify for reporting in these categories.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance Classifications

Equity is classified as net position and displayed 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 attributable to the acquisition or improvement of those assets.
- *Restricted net position* – consists of balances with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for a specific purpose, it is the School’s policy to use restricted resources first, until exhausted, before using unrestricted resources. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications reflect the nature of the funds and the level of restriction placed upon the fund balance.

GASB 54 requires fund balance amounts to be reported within the following balance categories: Non-spendable, Restricted, Committed, Assigned and Unassigned.

- *Non-spendable* – fund balance amounts 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 non-spendable fund balances at year end relate to assets not in spendable form.
- *Restricted* – fund balance amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The restricted fund balance at year end was approximately \$4,000.
- *Committed* – fund balance amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. There are no committed fund balances at year end.
- *Assigned* – fund balance amounts that are intended to be used by the School for specific purposes, but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- *Unassigned* – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in other classifications.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Order Of Fund Balance Spending Policy

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

Revenue Sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's Contract. In accordance with the funding provisions of the School's Contract and Section 1002.33(17), Florida Statutes, the School reports the number of Full Time Equivalent ("FTE") students and related student information to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related student information to the Florida Department of Education (the "FDOE") for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the FEFP and actual FTE students reported by the School. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

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 federal 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 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. Any excess amounts are reported as deferred revenues until expended.

The School may generate other revenue from various fundraising activities and certain other programs.

Income Taxes

Advanced Learning Charter School, Inc. is exempt from income taxes under section 501(c)3 of the Internal Revenue Code of 1954 (as amended) under the classification of a public charity; accordingly, the financial statements reflect no provision for income taxes.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for ten sick/personal days during the ten month school year period. Employees are not eligible to carry forward unused days.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those reported.

Advertising Costs

The School expenses all advertising costs as they are incurred. Total advertising costs for the year ended June 30, 2021 were approximately \$29,000.

Management Review of Subsequent Events

In accordance with GASB Codification Section 2250.106, Management has evaluated subsequent events through September 15, 2021 the date when the financial statements were available to be issued.

NOTE 2 - CASH

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. It is the School's policy to maintain its cash and cash equivalents in major banks that are FDIC-insured and in high-grade investments.

FDIC deposit insurance covers the depositors of a failed FDIC-insured depository institution dollar-for-dollar, principal plus any interest accrued or due to the depositor, through the date of default, up to at least \$250,000 per depositor, per financial institution. Hive Preparatory Charter School maintains its cash and cash equivalents in two financial institutions. As of June 30, 2021, bank balances exceeding FDIC coverage was approximately \$1,368,000.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS

Changes in capital assets consist of the following:

	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
Capital assets:				
Leasehold improvements	\$ 783,900	\$ -	\$ -	\$ 783,900
Furniture, fixtures and equipment	421,246	14,142	-	435,388
Audio visual equipment	31,563	-	-	31,563
Computers and peripherals	672,906	260,777	-	933,683
Textbooks	364,257	104,614	-	468,871
Property acquired under capital lease	<u>12,000,000</u>	<u>-</u>	<u>-</u>	<u>12,000,000</u>
Total capital assets	<u>14,273,872</u>	<u>379,533</u>	<u>-</u>	<u>14,653,405</u>
Less accumulated depreciation:				
Leasehold improvements	(253,211)	(52,552)	-	(305,763)
Furniture, fixtures and equipment	(259,795)	(37,466)	-	(297,261)
Audio visual equipment	(7,394)	(5,919)	-	(13,313)
Computers and peripherals	(441,252)	(119,794)	-	(561,046)
Textbooks	(281,245)	(86,737)	-	(367,982)
Property acquired under capital lease	<u>(960,000)</u>	<u>(480,000)</u>	<u>-</u>	<u>(1,440,000)</u>
Total accumulated depreciation	<u>(2,202,897)</u>	<u>(782,468)</u>	<u>-</u>	<u>(2,985,365)</u>
Total governmental activities capital assets, net	<u>\$ 12,070,975</u>	<u>\$ (402,935)</u>	<u>\$ -</u>	<u>\$ 11,668,040</u>

Depreciation expense for the year ended June 30, 2021 was \$782,468 and is allocated in the statement of activities as follows:

Operation of plant - depreciation	\$ 562,932
Instruction	145,278
Facilities and acquisition	73,023
Food services	<u>1,235</u>
Total depreciation expense	<u>\$ 782,468</u>

NOTE 4 – NOTE PAYABLE

On July 17, 2020, the School received loan proceeds in amount of \$150,000 from a private nonprofit entity. The loan is to be repaid in a single lump sum at maturity on November 30, 2021. The loan is a 0% interest loan and is intended to be used for purchases of materials, equipment, supplies, and services necessary to support remote/distance learning during the COVID pandemic.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 - CREDIT FACILITY

The School has a credit facility with BridgeRock Capital Corporation ("BridgeRock"), a related party (Note 7), in the amount of \$500,000. The credit facility bears interest at a rate of 5%, matures on June 30, 2024, and is collateralized by the corporate assets of the School. Under the terms of the credit facility, the School may draw advances in increments of \$25,000 up to the facility amount. The outstanding balance of the credit facility at June 30, 2021 was approximately \$176,000. Interest expense for the year then ended was approximately \$8,000 and is included in facilities acquisition and construction on the accompanying statement of activities. All principal and interest is due and payable on the maturity date.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Capital Lease

On October 29, 2009, the School entered into a Facility Lease (the "Lease") with Palmetto KTP, LLC, a related party. On August 17, 2018, the School expanded the facility and amended the lease agreement to increase monthly rent payments and extend the lease expiration to August 17, 2043. Base rent of the lease escalates at a rate of 2.0% or CPI, whichever is greater.

The School recorded the new facility as a capital lease at the present value of the future minimum lease payments at the time of the lease extension. The leased facility is depreciated straight-line over the twenty-five year lease term. As of June 30, 2021, the property acquired under capital lease was \$10,560,000, net of accumulated depreciation of \$1,440,000, and is reported with capital assets in the statement of net position. Depreciation expense of \$480,000 is included in operation of plant - depreciation in the statement of activities.

The future minimum lease payments under the capital lease, together with the present value of the minimum lease payments, are as follows:

<u>School Year</u>	<u>Future Commitments</u>
2021-2022	\$ 1,027,892
2022-2023	1,048,450
2023-2024	1,069,419
2024-2025	1,090,808
2025-2026	1,112,624
Thereafter	<u>22,841,265</u>
Total	28,190,458
Less amount representing interest	<u>16,145,364</u>
Present value of minimum lease payments	<u>\$ 12,045,094</u>

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Capital Lease (Continued)

The interest rate related to the lease obligation is 8.36%, the rate implicit in the lease agreement. Interest expense for the year ended June 30, 2021 was \$1,006,748 and is allocated to operation of plant in the statement of activities.

Operating Leases

The School also leases office equipment under non-cancelable operating leases. The approximate minimum future commitments under these leases are as follows:

<u>School Year</u>	<u>Future Commitments</u>
2021-2022	\$ 58,173
2022-2023	55,725
2023-2024	<u>7,200</u>
Total	<u>\$ 121,098</u>

Total rent expense for the year ended June 30, 2021 was approximately \$146,000. This amount includes triple net charges for common area maintenance, property insurance and management fees.

Economic Risk and Uncertainties

During March 2020, the World Health Organization declared COVID-19, a viral disease, a pandemic. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting the supply, demand and pricing for many products and services. Impacts to the School during the school year resulted from public health orders and school closures by local and regional governments issued in response to COVID-19, resulting in loss of revenues from sources such as after school programs, day care, summer camp, and extracurricular activities. There were also increased expenditures to support remote learning and other needs arising as a result of the pandemic. During the year ended June 30, 2021, the School received various grants and awards to help mitigate lost revenues and increased costs. However, there is no assurance that such relief will continue to be available in future periods. The School's financial position, results of operations, and cash flows in future periods may be materially affected.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies - Other

The School receives substantially all of its funding from the District under the Florida Education Finance Program, which is based in part on a computation of the number of full-time equivalent students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the District, the District withholds an administrative fee of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the District totaled approximately \$38,000.

NOTE 7 - RELATED PARTIES

BridgeRock is the provider of the credit facility to the School (Note 5). As of June 30, 2021, the School had an outstanding principal and accrued interest balance of approximately \$176,000. The School incurred interest expense of approximately \$8,000 during the year ended June 30, 2021.

BridgeRock Education Corp., a company related to BridgeRock by common ownership, provides management and administrative services to the School, including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement is for a period of five years through June 30, 2021, and unless terminated by the board, shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2021, the School incurred approximately \$627,000 in management fees.

In addition, the School leases its facilities (Note 6) from Palmetto KTP, LLC, a company related to BridgeRock by common ownership. During the year ended June 30, 2021, the School made lease payments totaling approximately \$1,008,000 to Palmetto KTP, LLC.

NOTE 8 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial liability insurance. There have been no claims against the policy during the fiscal year ended June 30, 2021.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – DEFINED CONTRIBUTION PLAN

The School maintains a contributory profit sharing plan (the “Plan”) as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. In 2021, the School contributed 100% of the amount of elective deferral contributions that did not exceed 3% of eligible compensation and 50% of the amount of elective deferral contributions above 3% to a maximum of 4% of eligible compensation. Employer contributions during the year ended June 30, 2021 totaled approximately \$108,000. John Hancock Life Insurance Company acts as the Plan’s custodian.

Required Supplemental Information

HIVE PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET VS. ACTUAL - GENERAL FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Final Variance
	Original	Final		
Revenue:				
State passed through local school district	\$ 6,372,248	\$ 6,526,007	\$ 6,686,282	\$ 160,275
Local sources	222,045	179,705	118,129	(61,576)
Other revenue	<u>911,645</u>	<u>367,849</u>	<u>220,683</u>	<u>(147,166)</u>
Total Revenue	<u>7,505,938</u>	<u>7,073,561</u>	<u>7,025,094</u>	<u>(48,467)</u>
Expenditures:				
Instruction	3,411,130	3,444,267	3,447,351	3,084
Instruction and Curriculum Development	211,650	10,188	10,189	1
General Administration	57,074	89,086	278,545	189,459
School Administration	1,417,078	1,296,674	1,154,630	(142,044)
Facility Acquisition and Construction	54,466	31,338	38,148	6,810
Fiscal Services	695,511	690,678	654,531	(36,147)
Food Services	-	-	-	-
Operation of Plant - Capital Lease				
Payments	1,095,441	1,006,747	1,007,738	991
Operation of Plant - Other	532,754	361,692	344,474	(17,218)
Maintenance of Plant	171,702	69,326	69,327	1
Community Services	185,432	153,702	152,784	(918)
Capital Outlay:				
Other Capital Outlay	<u>174,710</u>	<u>174,710</u>	<u>379,533</u>	<u>204,823</u>
Total Expenditures	<u>8,006,948</u>	<u>7,328,408</u>	<u>7,537,250</u>	<u>208,842</u>
Excess (Deficiency) of Revenue over Expenditures	(501,010)	(254,847)	(512,156)	(257,309)
Other Financing Sources (Uses)				
Transfers in and (out)	<u>738,550</u>	<u>563,515</u>	<u>659,369</u>	<u>95,854</u>
Total Other Financing Sources (Uses)	<u>738,550</u>	<u>563,515</u>	<u>659,369</u>	<u>95,854</u>
Change in Fund Balance	237,540	308,668	147,213	(161,455)
Fund balance at the beginning of the year	<u>1,232,763</u>	<u>1,232,763</u>	<u>1,232,763</u>	<u>-</u>
Fund balance at the end of the year	<u>\$ 1,470,303</u>	<u>\$ 1,541,431</u>	<u>\$ 1,379,976</u>	<u>\$ (161,455)</u>

See accompanying notes to required supplemental information.

HIVE PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET VS. ACTUAL – SPECIAL REVENUE FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Final Variance
	Original	Final		
Revenue:				
State passed through local school district	\$ 755,085	\$ 493,065	\$ 615,848	\$ 122,783
Local sources	546,795	546,795	546,795	-
Other revenue	-	-	-	-
Total Revenue	<u>1,301,880</u>	<u>1,039,860</u>	<u>1,162,643</u>	<u>122,783</u>
Expenditures:				
Instruction	224,548	248,745	275,288	26,543
Instruction and Curriculum Development	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Facility Acquisition and Construction	-	-	-	-
Fiscal Services	-	-	-	-
Food Services	338,782	227,600	227,986	386
Operation of Plant - Capital Lease Payments	-	-	-	-
Operation of Plant - Other	-	-	-	-
Maintenance of Plant	-	-	-	-
Community Services	-	-	-	-
Capital Outlay:				
Other Capital Outlay	-	-	-	-
Total Expenditures	<u>563,330</u>	<u>476,345</u>	<u>503,274</u>	<u>26,929</u>
Excess (Deficiency) of Revenue over Expenditures	738,550	563,515	659,369	95,854
Other Financing Sources (Uses)				
Transfers in and (out)	<u>(738,550)</u>	<u>(563,515)</u>	<u>(659,369)</u>	<u>(95,854)</u>
Total Other Financing Sources (Uses)	<u>(738,550)</u>	<u>(563,515)</u>	<u>(659,369)</u>	<u>(95,854)</u>
Change in Fund Balance	-	-	-	-
Fund balance at the beginning of the year	-	-	-	-
Fund balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to required supplemental information.

HIGHLY INQUISITIVE & VERSATILE EDUCATION PREPARATORY SCHOOL
(A CHARTER SCHOOL UNDER ADVANCED LEARNING CHARTER SCHOOL, INC.)
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - BUDGETARY INFORMATION

Basis of Accounting

The School's annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board. Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is at the fund level.



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

To the Board of Directors of
Highly Inquisitive & Versatile Education Preparatory School
Miami Gardens, 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 Highly Inquisitive & Versatile Education (HIVE) Preparatory School (the "School"), which comprise the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2021-001 to be a significant deficiency.

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 statement. 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*.

Highly Inquisitive & Versatile Education (HIVE) Preparatory School's Response to Findings

Highly Inquisitive & Versatile Education (HIVE) Preparatory School's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Highly Inquisitive & Versatile Education (HIVE) Preparatory School's response was not subjected to the 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 *Governmental Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PAAST, P.L.

Coral Gables, Florida
September 15, 2021

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

2021 – 001 Disbursements

Criteria: Internal controls should be in place to ensure that disbursements are properly recorded, appropriate to the school, and approved by the authorized person(s) to mitigate risk of fraud or misappropriation of funds.

Condition: Disbursements lacking sufficient supporting documentation were detected in our audit of the School's financial statements for the fiscal year ended June 30, 2021.

Cause: During our review of internal controls related to disbursement authorization, we noted that while disbursements were properly recorded and appropriate to the School, we identified several instances in which supporting documentation such as invoices, purchase order forms and approvals were either incomplete or not obtained.

Recommendation: We recommend that the School enhance their internal control policy to ensure all disbursements are adequately documented.

Management's Response: Highly Inquisitive & Versatile Education ("HIVE") Preparatory School accepts the finding of the audit and will develop additional procedures in an effort to have better documentation and approval of these transactions in the future.

Management Letter



MANAGEMENT LETTER

To the Board of Directors of
Highly Inquisitive & Versatile Education Preparatory School
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Highly Inquisitive & Versatile Education ("HIVE") Preparatory School (the "School"), Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 15, 2021.

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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 15, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Highly Inquisitive & Versatile Education (HIVE) Preparatory School, 131014.

Financial Condition and Management

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

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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 Highly Inquisitive & Versatile Education (HIVE) Preparatory School. It is management's responsibility to monitor Highly Inquisitive & Versatile Education (HIVE) Preparatory 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. The following recommendation was communicated to management:

- **2021 – 001 Disbursements**

We recommend that the School enhance their internal control policy to ensure all disbursements are adequately documented.

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 Highly Inquisitive & Versatile Education (HIVE) Preparatory School maintains on its Web site 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 us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

PAAST, P.L.

Certified Public Accountants
Coral Gables Florida
September 15, 2021