

**THE CHARTER SCHOOL
AT WATERSTONE**
(A CHARTER SCHOOL UNDER
ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2021

King & Walker, CPAs, PL

Certified Public Accountants

THIS PAGE IS INTENTIONALLY BLANK.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

TABLE OF CONTENTS

	PAGE NO.
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis – (Unaudited)	3
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund and Major Special Revenue Fund (Unaudited)	26
Note to Required Supplementary Information	27
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>	28
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i>	30



Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

Independent Auditor's Report

To the Board of Directors of The Charter School at Waterstone,
(A charter school under Advantage Academy of Miami, Inc.),
a Charter School and Component Unit of the District
School Board of Miami-Dade County, 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 The Charter School at Waterstone, ("School"), a charter school under Advantage Academy of Miami, Inc., and a component unit of the District School Board of Miami-Dade County, Florida, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 The Charter School at Waterstone, as of June 30, 2021, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2021, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Advantage Academy of Miami, Inc. These financial statements do not purport to and do not present fairly the financial position of Advantage Academy of Miami, Inc. as of June 30, 2021 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

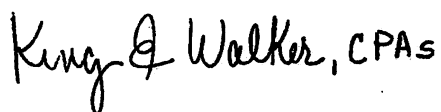
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 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 10, 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.

Respectfully submitted,



September 10, 2021
Tampa, Florida

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of The Charter School at Waterstone, (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2021.

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 in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$1,713,368.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$5,019,362.

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 and business-type 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.

THE CHARTER SCHOOL AT WATERSTONE

(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade 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 the following funds; a General Fund to account for its general operations, a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays, and a Special Revenue Fund to account for Federal grants, food service operations, and internal account activities. The School has elected to present each fund as a major fund.

The School adopts an annual budgets for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major 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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A Charter School and Component Unit of the District School Board of Miami-Dade 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		
	Governmental Activities		Increase (Decrease)
	6-30-20	6-30-21	
ASSETS			
Current and Other Assets	\$ 8,632,825	\$ 8,102,269	\$ (530,556)
Capital Assets, Net	366,138	514,382	148,244
Total Assets	8,998,963	8,616,651	(382,312)
LIABILITIES			
Current Liabilities	3,617,594	1,521,914	(2,095,680)
Total Liabilities	3,617,594	1,521,914	(2,095,680)
NET POSITION			
Net Investment in Capital Assets	366,138	514,382	148,244
Restricted		77,954	77,954
Unrestricted	5,015,231	6,502,401	1,487,170
Total Net Position	\$ 5,381,369	\$ 7,094,737	\$ 1,713,368

The largest portion of the School's assets are cash and cash equivalents (84%). Liabilities primarily consist of vendor accounts payable, salaries and benefits payable and deferred revenue. The School reported a total net position of \$7,094,737, which included an unrestricted net position balance of \$5,019,362.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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

	Operating Results for the Year		
	Governmental Activities		Increase (Decrease)
	6-30-20	6-30-21	
Revenues:			
Federal Through State and Local	\$ 2,851,996	\$ 5,805,129	\$ 2,953,133
State	9,137,279	9,327,814	190,535
Local and Other	2,501,115	538,706	(1,962,409)
Extraordinary Item	24,362	-	(24,362)
Total Revenues	<u>14,514,752</u>	<u>15,671,649</u>	<u>1,156,897</u>
Expenses:			
Instruction	4,334,987	4,354,427	19,440
Student Support Services	48,720	76,860	28,140
Instructional Media	846	32	(814)
Instruction & Curriculum Development	131,101	123,461	(7,640)
Instructional Staff Training	16,011	13,522	(2,489)
Instructional Related Technology	109,530	102,972	(6,558)
Board	100,567	102,307	1,740
General Administration	695,684	664,205	(31,479)
School Administration	671,283	615,021	(56,262)
Facilities Acquisition & Construction	1,762,240	1,815,107	52,867
Fiscal Services	449,350	462,443	13,093
Food Services	3,256,899	4,394,091	1,137,192
Central Services	3,918	6,146	2,228
Student Transportation	202,772	183,725	(19,047)
Operation of Plant	685,213	655,683	(29,530)
Maintenance of Plant	127,433	82,641	(44,792)
Administrative Technology Services	1,218	5,078	3,860
Community Service	250,996	196,374	(54,622)
Unallocated Depreciation	<u>71,939</u>	<u>104,186</u>	<u>32,247</u>
Total Expenses	<u>12,920,707</u>	<u>13,958,281</u>	<u>1,037,574</u>
Increase in Net Position	<u>\$ 1,594,045</u>	<u>\$ 1,713,368</u>	<u>\$ 119,323</u>

The largest revenue source for the School is the State of Florida (60%). 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 were for Instruction-related functions (33%), food service costs (31%), and facility costs (18%), which primarily consisted of the school building operating lease during the year.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A Charter School and Component Unit of the District School Board of Miami-Dade 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 \$6,580,355.

BUDGETARY HIGHLIGHTS

The budgets for each fund (General Fund and Special Revenue Fund) for the fiscal year ended June 30, 2021, 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, the School revised each funds’ budget. For the fiscal year ended June 30, 2021, the actual expenditures were equal to the final budgets. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School’s investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$514,382 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment and leasehold improvements. Additional information regarding the School’s capital assets can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2021-22 include:

- Continued funding from FEFP.
- Expected increase in enrollment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of The Charter School at Waterstone’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charter School Associates, Inc., 5471 N. University Drive, Coral Springs, FL 33067.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2021

	<u>Government Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 7,224,592
Due From Other Agencies	778,884
Accounts Receivable	97,493
Prepaid Items & Deposits	1,300
Capital Assets:	
Leasehold Improvements, Net	221,333
Furniture, Fixtures, and Equipment, Net	<u>293,049</u>
Total Capital Assets	<u>514,382</u>
TOTAL ASSETS	<u>8,616,651</u>
LIABILITIES	
Salaries and Benefits Payable	425,945
Accounts Payable	604,517
Due to Other Agencies	14,821
Deferred Revenue	<u>476,631</u>
TOTAL LIABILITIES	<u>1,521,914</u>
NET POSITION	
Net Investment in Capital Assets	514,382
Restricted	77,954
Unrestricted	<u>6,502,401</u>
TOTAL NET POSITION	<u><u>\$ 7,094,737</u></u>

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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

		Program Revenues			Net (Expenses) Revenue and Changes Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 4,354,427	\$ -	\$ 1,249,208	\$ -	\$ (3,105,219)
Student Support Services	76,860	-	17,434	-	(59,426)
Instructional Media	32	-	-	-	(32)
Instruction & Curriculum Development	123,461	-	108,931	-	(14,530)
Instructional Staff Training	13,522	-	10,800	-	(2,722)
Instructional Related Technology	102,972	-	6,405	-	(96,567)
Board	102,307	-	-	-	(102,307)
General Administration	664,205	-	-	-	(664,205)
School Administration	615,021	-	-	-	(615,021)
Facilities Acquisition & Construction	1,815,107	-	-	697,656	(1,117,451)
Fiscal Services	462,443	-	-	-	(462,443)
Food Services	4,394,091	196,360	4,394,091	-	196,360
Central Services	6,146	-	-	-	(6,146)
Student Transportation	183,725	-	-	-	(183,725)
Operation of Plant	655,683	-	16,815	-	(638,868)
Maintenance of Plant	82,641	-	1,445	-	(81,196)
Administrative Technology Services	5,078	-	-	-	(5,078)
Community Service	196,374	218,788	-	-	22,414
Unallocated Depreciation	104,186	-	-	-	(104,186)
Total Governmental Activities	<u>\$ 13,958,281</u>	<u>\$ 415,148</u>	<u>\$ 5,805,129</u>	<u>\$ 697,656</u>	<u>(7,040,348)</u>
General Revenue					
State Sources					8,630,158
Local and Other					17,571
Contributions					105,987
Total General Revenues					<u>8,753,716</u>
Change in Net Position					1,713,368
Net Position - July 1, 2020					5,381,369
Net Position - June 30, 2021					<u>\$ 7,094,737</u>

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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 5,384,490	\$ 1,840,102	\$ -	\$ 7,224,592
Due From Other Agencies	-	682,624	96,260	778,884
Accounts Receivable	97,493	-	-	97,493
Prepaid Items & Deposits	1,300	-	-	1,300
Due from Other Funds	571,234	461,741	-	1,032,975
Total Assets	<u>\$ 6,054,517</u>	<u>\$ 2,984,467</u>	<u>\$ 96,260</u>	<u>\$ 9,135,244</u>
LIABILITIES				
Salaries and Benefits Payable	\$ 425,945	\$ -	\$ -	\$ 425,945
Accounts Payable	132,648	471,869	-	604,517
Due to Other Agencies	14,821	-	-	14,821
Deferred Revenue	-	476,631	-	476,631
Due to Other Funds	461,741	474,974	96,260	1,032,975
Total Liabilities	<u>1,035,155</u>	<u>1,423,474</u>	<u>96,260</u>	<u>2,554,889</u>
FUND BALANCES				
Nonspendable	1,300	-	-	1,300
Restricted for Food Service	-	1,483,039	-	1,483,039
Restricted for Internal Accounts	-	77,954	-	77,954
Unassigned	5,018,062	-	-	5,018,062
Total Fund Balances	<u>5,019,362</u>	<u>1,560,993</u>	<u>-</u>	<u>6,580,355</u>
Total Liabilities and Fund Balances	<u>\$ 6,054,517</u>	<u>\$ 2,984,467</u>	<u>\$ 96,260</u>	<u>\$ 9,135,244</u>

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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total Fund Balances - Governmental Funds	\$ 6,580,355
---	--------------

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>514,382</u>
---	----------------

Total Net Position - Governmental Activities	<u><u>\$ 7,094,737</u></u>
---	----------------------------

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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Through State and Local	\$ -	\$ 5,805,129	\$ -	\$ 5,805,129
State	8,595,902	34,256	697,656	9,327,814
Local and Other	281,213	257,493	-	538,706
Total Revenues	<u>8,877,115</u>	<u>6,096,878</u>	<u>697,656</u>	<u>15,671,649</u>
Expenditures				
Current - Education:				
Instruction	3,872,508	481,919	-	4,354,427
Student Support Services	59,426	17,434	-	76,860
Instructional Media	32	-	-	32
Instruction & Curriculum Development	14,530	108,931	-	123,461
Instructional Staff Training	2,722	10,800	-	13,522
Instructional Related Technology	96,567	6,405	-	102,972
Board	102,307	-	-	102,307
General Administration	664,205	-	-	664,205
School Administration	615,021	-	-	615,021
Facilities Acquisition & Construction	1,117,451	-	697,656	1,815,107
Fiscal Services	462,443	-	-	462,443
Food Services	-	4,394,091	-	4,394,091
Central Services	6,146	-	-	6,146
Student Transportation	183,725	-	-	183,725
Operation of Plant	638,868	16,815	-	655,683
Maintenance of Plant	81,196	1,445	-	82,641
Administrative Technology Services	5,078	-	-	5,078
Community Service	130,708	65,666	-	196,374
Fixed Capital Outlay:				
Facilities Acquisition & Construction	7,520	-	-	7,520
Other Capital Outlay	106,317	138,593	-	244,910
Total Expenditures	<u>8,166,770</u>	<u>5,242,099</u>	<u>697,656</u>	<u>14,106,525</u>
Excess/(Deficiency) of Revenues				
Over Expenditures	<u>710,345</u>	<u>854,779</u>	<u>-</u>	<u>1,565,124</u>
Other Financing Sources (Uses):				
Transfers In/(Out)	<u>(82,487)</u>	<u>82,487</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(82,487)</u>	<u>82,487</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	627,858	937,266	-	1,565,124
Fund Balances, July 1, 2020	4,391,504	623,727	-	5,015,231
Fund Balances, June 30, 2021	<u>\$ 5,019,362</u>	<u>\$ 1,560,993</u>	<u>\$ -</u>	<u>\$ 6,580,355</u>

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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE 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, 2021

Net Change in Fund Balances - Governmental Funds	\$ 1,565,124
---	--------------

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

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 expense.

Capital Outlays	252,430	
Depreciation Expense	<u>(104,186)</u>	<u>148,244</u>

Change in Net Position - Governmental Activities	<u><u>\$ 1,713,368</u></u>
---	----------------------------

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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Charter School at Waterstone (“School”), a charter school under Advantage of Miami, Inc. is a component unit of the School Board of Miami-Dade County, Florida. The School’s charter is held by Advantage Academy of Miami, Inc., 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 Board of Directors, which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Advantage Academy of Miami, Inc. as of June 30, 2021, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Miami-Dade County, Florida, (“District”). The Board approved the merger of the School with Advantage Academy of Math and Science at Waterstone under the same charter-holder, Advantage Academy of Miami, Inc. effective July 1, 2020. The District approved the merger of the two existing charter contracts and issued a new charter starting July 1, 2020, and ending June 30, 2025. The charter 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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

➤ **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.

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, food service operations, and internal account activities.
- 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.

➤ **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

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 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.

➤ **Recently Issued Accounting Principles**

The School implemented GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether an entity is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

School internal funds are those funds received on behalf of students in connection with school, athletic, class, and club activities. The School's control over these funds preclude the School from reporting these activities in a Custodial Fund. Guidance provided by the Florida DOE requires these activities be reported in a Special Revenue Fund. As such, all internal fund transactions have been reported in the Special Revenue Fund beginning in the fiscal year 2020-2021.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits are placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

accounts and does not believe it is exposed to any significant credit or custodial risk.

➤ **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 \$1,000. 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 - 20 years
Leasehold Improvements	5 - 15 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

- 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.”

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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

➤ **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.

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 (FTE) students 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, 2021, the School reported 1,069.60 unweighted FTE and 1,170.70 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 CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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.

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 (GAAP) 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 determined there are no subsequent events which require disclosure.

2. 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. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3. ACCOUNTS RECEIVABLE – RELATED PARTY

The accounts receivable on the School's statement of net position and balance sheet – governmental funds includes amounts due from other charter schools, operated by the same charter holder or under the same management company, for shared expenses paid on their behalf and awaiting reimbursement. These receivables are considered fully collectible and therefore, no allowance for uncollectible accounts has been established.

Amounts per School are as follows:

<u>School</u>	<u>Amount</u>
Advantage Academy of Hillsborough	\$ 612
Bell Creek Academy	217
Bell Creek Academy High	247
Channelside Academy of Math & Science	531
Doral International Academy	15,591
Everglades Preparatory Academy	6,456
Everglades Preparatory Academy High	5,628
Hillsborough Academy of Math & Science	573
Independence Academy	699
Orange County Preparatory	114
Palm Glades Academy	2,802
Palm Glades High	3,166
Pinellas Academy of Math & Science	682
Riverview Academy of Math & Science	628
Summerville Advantage Academy	8,796
Sunlake Academy of Math & Science	327
Viera Charter School	537
West Broward Academy	<u>2,271</u>
Total	<u>\$ 49,877</u>

4. DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds primarily consist of amounts due from the Florida Department of Education under the Charter School Capital Outlay program recorded in the Capital Projects Fund, and amounts due from the Florida Department of Agriculture and Consumer Services for the National School Lunch Program recorded in the Special Revenue Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts has been established.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Leasehold Improvements	\$ 364,267	\$ 7,520	\$ -	\$ 371,787
Furniture, Fixtures and Equipment	1,146,699	244,910	-	1,391,609
Total Capital Assets	<u>1,510,966</u>	<u>252,430</u>	<u>-</u>	<u>1,763,396</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(124,332)	(26,122)	-	(150,454)
Furniture, Fixtures and Equipment	(1,020,496)	(78,064)	-	(1,098,560)
Total Accumulated Depreciation	<u>(1,144,828)</u>	<u>(104,186)</u>	<u>-</u>	<u>(1,249,014)</u>
Governmental Activities Capital Assets, net	<u>\$ 366,138</u>	<u>\$ 148,244</u>	<u>\$ -</u>	<u>\$ 514,382</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2021, the School's Capital Projects Fund and Special Revenue Fund owed the General Fund \$96,260 and \$474,974, respectively, for expenditures awaiting reimbursement, and the General fund owed the Special Revenue Fund \$461,741 for expenditures awaiting reimbursement related to food service operations.

The General Fund transferred \$82,487 to the Special Revenue Fund for money held from the School's internal accounts as prescribed by new accounting pronouncement GASB 84 which requires school internal accounts be accounted for in a Special Revenue Fund. The amounts of interfund receivables, payables, and transfers are netted together and not reported in the statement of net position or the statement of activities.

7. DUE TO OTHER AGENCIES

The amount Due to Other Agencies on the School's statement of net position and balance sheet – governmental funds represent an amount due to the City of Homestead for payment of services.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. ACCOUNTS PAYABLE – RELATED PARTY

Accounts payable as reported in the accompanying statement of net position and balance sheet – governmental funds include amounts payable to other charter schools operated by the same charter holder or under the same management company, on behalf of the other charter schools for the National School Lunch and Breakfast Program, which resulted from shared expenditures paid by the School.

Amounts per School are as follows:

<u>School</u>	<u>Amount</u>
Advantage Academy of Hillsborough	\$ 11,833
Bell Creek Academy	10,097
Bell Creek Academy High	11,387
Channelside Academy of Math & Science	16,450
Doral International Academy	19,291
Everglades Preparatory Academy	11,569
Everglades Preparatory Academy High	14,140
Hillsborough Academy of Math & Science	14,992
Independence Academy	12,034
Palm Glades Academy	6,135
Palm Glades High	10,009
Pinellas Academy of Math & Science	19,642
Riverview Academy of Math & Science	17,496
Summerville Advantage Academy	15,699
Sunlake Academy of Math & Science	29,663
Valrico Lake Academy	26,386
Viera Charter School	28,016
West Broward Academy	<u>4,973</u>
Total	<u>\$ 279,812</u>

9. SCHOOL FOOD SERVICE AGREEMENT

In July 2017, the School began serving as a School Food Authority under the National School Lunch Program (NSLP). The School operates the food service program for 18 other charter schools, under the same management company. The School has entered into agreements with these schools to provide lunches, breakfasts and snacks under the NSLP. The School records all revenue and expenditures in its accounting records for all food service activities.

10. FUNDING AND CREDIT 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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

11. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue for the 2020-2021 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 7,181,567
Categorical Programs:	
Class Size Reduction	1,392,603
Charter School Capital Outlay	697,656
Miscellaneous	55,988
Total State Revenue	<u>\$ 9,327,814</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$100,203.

12. FACILITY LEASE

The School entered into a 30 year noncancelable operating lease for its educational facility beginning August 1, 2005, through July 31, 2035. In accordance with the agreement, the School is required to maintain the premises at its own expense. Rental expenditures under this lease agreement for the fiscal year amounted to \$1,815,107. The following is a schedule by years of future minimum rental payments required under operating leases that have remaining lease terms in excess of one year:

<u>Fiscal Year Ending</u> <u>June 30:</u>	<u>Minimum</u> <u>Payments</u>
2022	\$ 1,865,026
2023	1,920,978
2024	1,978,606
2025	2,037,958
2026	2,099,104
2027-2031	11,478,728
2032-2035	10,485,994
Total	<u>\$ 31,866,394</u>

13. 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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

14. OPERATING AGREEMENT

The School entered into an amended agreement May 21, 2015, for a term of five years. The term of the agreement may be extended for a period up to five years, or a term equal to the School's charter renewal, should the parties decide that it is in the best interest of the School to continue the agreement. The management contract calls for Charter School Associates, Inc. (CSA) to provide the School with marketing, curriculum design and implementation; student and staff recruiting; principal selection; and general management of the School's operations. An annual management fee is to be 11% of the School's gross operating revenue less the School's administrative fee, plus 3% of grants obtained by CSA on behalf of the School, if allowed under the grant conditions. The management fee is paid in monthly installments and total fees paid to CSA during the fiscal year amounted to \$1,023,286.

15. PENSION PLAN

The School participates in a defined contribution tax sheltered annuity 401(k) plan for employees with more than one year of service with the School. Contributions made by the School totaled \$13,251 for the year ended June 30, 2021, which were computed at 1.5% of employee compensation for each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

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, 2021, 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.

THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 4,264,718	\$ 5,805,129	\$ 5,805,129	\$ -
State	8,245,746	8,595,902	8,595,902	-	29,302	34,256	34,256	-
Local and Other	353,334	281,213	281,213	-	1,625,121	257,493	257,493	-
Total Revenues	8,599,080	8,877,115	8,877,115	-	5,919,141	6,096,878	6,096,878	-
Expenditures:								
Current - Education:								
Instruction	4,147,964	3,872,508	3,872,508	-	195,724	481,919	481,919	-
Student Support Services	68,074	59,426	59,426	-	6,043	17,434	17,434	-
Instructional Media	855	32	32	-	-	-	-	-
Instruction & Curriculum Development	28,127	14,530	14,530	-	118,987	108,931	108,931	-
Instructional Staff Training	5,720	2,722	2,722	-	13,000	10,800	10,800	-
Instructional Related Technology	105,275	96,567	96,567	-	-	6,405	6,405	-
Board	100,320	102,307	102,307	-	-	-	-	-
General Administration	420,716	664,205	664,205	-	-	-	-	-
School Administration	625,225	615,021	615,021	-	-	-	-	-
Facilities Acquisition & Construction	1,167,707	1,117,451	1,117,451	-	-	-	-	-
Fiscal Services	412,238	462,443	462,443	-	-	-	-	-
Food Services	-	-	-	-	4,309,825	4,394,091	4,394,091	-
Central Services	3,957	6,146	6,146	-	-	-	-	-
Student Transportation	204,799	183,725	183,725	-	-	-	-	-
Operation of Plant	778,453	638,868	638,868	-	-	16,815	16,815	-
Maintenance of Plant	128,706	81,196	81,196	-	-	1,445	1,445	-
Administrative Technology Services	1,230	5,078	5,078	-	-	-	-	-
Community Service	10,135	130,708	130,708	-	9,948	65,666	65,666	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	-	7,520	7,520	-	-	-	-	-
Other Capital Outlay	35,398	106,317	106,317	-	-	138,593	138,593	-
Total Expenditures	8,244,899	8,166,770	8,166,770	-	4,653,527	5,242,099	5,242,099	-
Excess (Deficiency) of Revenues								
Over Expenditures	354,181	710,345	710,345	-	1,265,614	854,779	854,779	-
Other Financing Sources (Uses):								
Transfers In/(Out)	(1,599,999)	(82,487)	(82,487)	-	-	82,487	82,487	-
Total Other Financing Sources (Uses)	(1,599,999)	(82,487)	(82,487)	-	-	82,487	82,487	-
Net Change in Fund Balances	(1,245,818)	627,858	627,858	-	1,265,614	937,266	937,266	-
Fund Balances, July 1, 2020	4,391,504	4,391,504	4,391,504	-	623,727	623,727	623,727	-
Fund Balances, June 30, 2021	\$ 3,145,686	\$ 5,019,362	\$ 5,019,362	\$ -	\$ 1,889,341	\$ 1,560,993	\$ 1,560,993	\$ -

See Independent Auditor's Report

**THE CHARTER SCHOOL AT WATERSTONE
(A CHARTER SCHOOL UNDER ADVANTAGE ACADEMY OF MIAMI, INC.)**

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

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:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

**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 The Charter School at Waterstone,
(A charter school under Advantage Academy of Miami, Inc.),
a Charter School and Component Unit of the District
School Board of Miami-Dade 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, each major fund, and the aggregate remaining fund information of The Charter School at Waterstone, Inc. ("School"), a charter school under Advantage Academy of Miami, Inc., and a charter school and component unit of the District School Board of Miami-Dade County, Florida, 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 10, 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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

September 10, 2021
Tampa, Florida



Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

**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 Charter School at Waterstone,
(A charter school under Advantage Academy of Miami, Inc.),
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

Report on the Financial Statements

We have audited the financial statements of The Charter School at Waterstone, ("School"), a charter school under Advantage Academy of Miami, Inc., and a Charter School and Component Unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 10, 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 those reports and schedule, which are dated September 10, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no 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 The Charter School at Waterstone, 131010.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

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, applicable management, and District School Board of Miami-Dade County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

September 10, 2021
Tampa, Florida