

**FOUR CORNERS
CHARTER SCHOOL
(A division of Four Corners
Charter School, Inc.)**

**Basic Financial Statements and
Supplemental Information**

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Four Corners Charter School, Inc.
Davenport, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four Corners Charter School (the "School"), a division of Four Corners Charter School Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the 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 School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 32-33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 20, 2023

Management's Discussion and Analysis

As management of Four Corners Charter School (the "School"), a division of Four Corners Charter School, Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida, 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, 2023 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.

Since 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 financial statements starting on page 10.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,956,057 (net position).
- The School's total net position increased by \$1,175,416.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$501,226 an increase of \$471,360 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$241,834.

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 have 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 themselves.

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 difference 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

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 is a division of the Charterholder which is a component unit of the School Board of Osceola County, Florida. The School Board of Osceola County, Florida includes the operations of the Charterholder in its operational results.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund 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. 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 for governmental activities 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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, and capital outlay fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Custodial Funds. Custodial fund is used to report assets held in a fiduciary capacity for the benefit of external parties, such as parent-teacher organizations or student clubs. The School has one custodial fund which is a student activity fund. This fund is formed for educational and school purposes. The custodial fund financial statement can be found on pages 16 - 17 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net position. In its fiduciary capacity, the School is responsible for ensuring that the assets reported in this fund are used only for their intended purpose.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and the note to these statements have been provided to demonstrate compliance with the budget and can be found on pages 32 through 34 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 18 of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, for the years ended June 30, 2023 and 2022, assets exceeded liabilities by \$1,956,057 and \$780,641 (net position), respectively.

The unrestricted portion of the School's net position consists primarily of the cash and accounts receivable. Another portion of the School's net position reflects its net investment in capital assets (e.g., furniture, fixtures and equipment, improvements other than buildings, information technology equipment, computer software, and audio visual equipment). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A condensed statement of net position and the statement of activities are provided below.

	Governmental Activities		
	June 30, 2023	June 30, 2022	Variance
ASSETS			
Current and other assets	\$ 1,493,353	\$ 971,074	\$ 522,279
Right of use asset	2,074,335	3,111,218	(1,036,883)
Capital assets, net of accumulated depreciation	1,498,204	793,113	705,091
Total assets	<u>5,065,892</u>	<u>4,875,405</u>	<u>190,487</u>
LIABILITIES			
Current and other liabilities	992,127	941,208	50,919
Noncurrent liabilities	2,117,708	3,153,556	(1,035,848)
Total liabilities	<u>3,109,835</u>	<u>4,094,764</u>	<u>(984,929)</u>
NET POSITION			
Invested in capital assets	1,498,204	793,113	705,091
Unrestricted	457,853	(12,472)	470,325
Total net position	<u>\$ 1,956,057</u>	<u>\$ 780,641</u>	<u>\$ 1,175,416</u>

Current assets increased as a result of the timing of cash on hand and amounts due from the Charterholder at year end. The capital assets net of accumulated depreciation increased due to current year additions of capital assets being greater than current year depreciation. Total liabilities decreased at year end as a result of the payment of the facilities sub-lease.

	Governmental Activities		
	2023	2022	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 1,211,611	\$ 634,810	\$ 576,801
Capital grants and contributions	512,282	690,669	(178,387)
General revenues:			
State passed through local school district	7,352,277	7,670,905	(318,628)
Other revenues	1,099,156	705,955	393,201
Total revenues	<u>10,175,326</u>	<u>9,702,339</u>	<u>472,987</u>
Expenses:			
Basic instruction	3,518,558	3,178,734	(339,824)
Exceptional instruction	196,757	86,893	(109,864)
Guidance services	89,922	75,590	(14,332)
Health services	63,739	104,574	40,835
Other pupil services	-	310,516	310,516
Curriculum development	56,467	-	(56,467)
Staff development	4,000	9,179	5,179
Instruction related technology	109,791	6,658	(103,133)
Board of directors	16,118	10,251	(5,867)
School administration	1,675,996	2,442,151	766,155
Fiscal services	745,701	10,098	(735,603)
Central services	94,765	38,622	(56,143)
Transportation	271,609	224,295	(47,314)
Operation of plant	1,920,503	1,593,331	(327,172)
Maintenance of plant	153,615	1,448,787	1,295,172
Community service	82,369	96,815	14,446
Total expenses	<u>8,999,910</u>	<u>9,636,494</u>	<u>636,584</u>
Change in net position	1,175,416	65,845	1,109,571
Net position - beginning	780,641	714,796	65,845
Net position - ending	<u>\$ 1,956,057</u>	<u>\$ 780,641</u>	<u>\$ 1,175,416</u>

The increase to operating grants and contributions resulted from increases in Title and ESSER grant funding from the current year. The decrease in state passed through revenues results from decreased for FTE counts from 1,044 to 948. The increase in other revenues is due to a contribution from the Charterholder related to capital improvements. The capital grants decrease results from an decrease in capital outlays. Total expenditures were favorable to prior year by \$676,589 due primarily to pupil services and maintenance of plant.

Financial Analysis of the Government's Funds

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

Governmental 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, unreserved fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

As of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$501,226.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned balance of the general fund was \$241,834.

The fund balance of the School's general fund increased by \$471,360 during the current fiscal year ended June 30, 2023, due to increases in revenues exceeding increases in expenses.

General Fund Budgetary Highlights

State sources revenues were unfavorable to the original budget due to decreases in state source revenues. Local sources revenues were favorable to the original budget due to a contribution from the Charterholder for capital expenditures. Total General Fund revenues were \$327,841 under the original budget. Total General Fund expenditures were favorable to the original budget by \$754,669 due primarily to savings in plant operations and maintenance and central services. Overall, the School ended the year with a change in fund balance that was favorable to the original budget.

Capital Asset Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$1,498,204 (net of accumulated depreciation). This investment in capital assets includes school buses, furniture, fixtures and equipment, improvements other than buildings, information technology equipment, computer software, and audio visual equipment. Additional information on the School's capital assets can be found in Note C.

Economic Factors and Next Year's Budget

In fiscal year 2023, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 800 million. The capital outlay funding pool ended up at \$ 196.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2024, the teacher salary increase allocation will be \$ 1.1 billion and will continue to be part of FEFP funding. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the school's strategic objectives.

Request for Information

This financial report is designed to provide a general overview of Four Corners Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Valdes, Controller, Charter Schools USA, 800 Corporate Dr., Suite 700, Fort Lauderdale, Florida 33334.

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 84,051
Due from charterholder	702,139
Due from other agencies	355,573
Accounts receivable	92,198
Deposits	14,003
Prepaid items	245,389
Total current assets	<u>1,493,353</u>
NONCURRENT ASSETS	
Right of use leased asset	2,074,335
Capital assets, net of accumulated depreciation	
School buses	121,749
Furniture, fixtures and equipment	53,995
Improvements other than buildings	935,126
IT equipment	385,358
Software	1,976
Total capital assets	<u>1,498,204</u>
Total assets	<u>5,065,892</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	2,941
Due to charterholder	9,808
Due to management company	608,017
Accrued payroll and other expenses	371,361
Total current liabilities	<u>992,127</u>
LONG-TERM LIABILITIES	
Leased liabilities - due within one year	1,035,651
Leased liabilities - due in more than one year	1,038,684
Compensated absences payable - due within one year	32,530
Compensated absences payable - due in more than one year	10,843
Total liabilities	<u>3,109,835</u>
NET POSITION	
Net investment in capital assets	1,498,204
Unrestricted	457,853
Total net position	<u>\$ 1,956,057</u>

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

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 3,518,558	\$ -	\$ 1,182,029	\$ -	\$ (2,336,529)
Exceptional instruction	196,757	-	-	-	(196,757)
Guidance services	89,922	-	-	-	(89,922)
Health services	63,739	-	-	-	(63,739)
Curriculum development	56,467	-	-	-	(56,467)
Staff development	4,000	-	-	-	(4,000)
Instruction related technology	109,791	-	-	-	(109,791)
Board of directors	16,118	-	-	-	(16,118)
School administration	1,675,996	-	-	-	(1,675,996)
Fiscal services	745,701	-	-	-	(745,701)
Central services	94,765	-	-	-	(94,765)
Transportation	271,609	-	-	-	(271,609)
Operation of plant	1,920,503	-	29,582	512,282	(1,378,639)
Maintenance of plant	153,615	-	-	-	(153,615)
Community service	82,369	-	-	-	(82,369)
Total governmental activities	<u>\$ 8,999,910</u>	<u>\$ -</u>	<u>\$ 1,211,611</u>	<u>\$ 512,282</u>	<u>(7,276,017)</u>
General revenues:					
					7,352,277
					1,099,156
					<u>8,451,433</u>
					1,175,416
					780,641
					<u>\$ 1,956,057</u>

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

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS				
Cash	\$ 84,051	\$ -	\$ -	\$ 84,051
Due from charterholder	680,664	-	21,475	702,139
Accounts receivable	92,198	-	-	92,198
Due from other agencies	-	355,573	-	355,573
Due from other funds	377,048	-	-	377,048
Deposits	14,003	-	-	14,003
Prepaid items	245,389	-	-	245,389
Total assets	\$ 1,493,353	\$ 355,573	\$ 21,475	\$ 1,870,401
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to charterholder	\$ 9,808	\$ -	\$ -	\$ 9,808
Due to other funds	-	355,573	21,475	377,048
Due to management company	608,017	-	-	608,017
Accounts payable	2,941	-	-	2,941
Accrued payroll and other expenses	371,361	-	-	371,361
Total liabilities	992,127	355,573	21,475	1,369,175
FUND BALANCES				
Nonspendable				
Deposits	14,003	-	-	14,003
Prepaid items	245,389	-	-	245,389
Unassigned	241,834	-	-	241,834
Total fund balances	501,226	-	-	501,226
Total liabilities and fund balances	\$ 1,493,353	\$ 355,573	\$ 21,475	\$ 1,870,401

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

Four Corner Charter School
(A division of Four Corners Charter School, Inc.)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2023

Fund balances - total governmental funds		\$ 501,226
The net assets reported for governmental activities in the statement of net assets is different because:		
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		2,074,335
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
School buses	\$ 121,749	
Furniture, fixtures and equipment, net	53,995	
Improvements other than buildings, net	935,126	
IT equipment, net	385,358	
Software	1,976	
Total capital assets		1,498,204
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Leased liabilities	(2,074,335)	
Compensated absences	(43,373)	(2,117,708)
Total net position of governmental activities		\$ 1,956,057

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

**Four Corner Charter School
(A division of Four Corners Charter School, Inc.)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
Revenues				
Federal passed through state	\$ -	\$ 1,182,029	\$ -	\$ 1,182,029
State passed through local school district	7,352,277	-	512,282	7,864,559
Other revenues	1,128,738	-	-	1,128,738
Total revenues	<u>8,481,015</u>	<u>1,182,029</u>	<u>512,282</u>	<u>10,175,326</u>
Expenditures				
Current:				
Basic instruction	1,953,649	1,182,029	-	3,135,678
Exceptional instruction	196,757	-	-	196,757
Guidance services	89,922	-	-	89,922
Health services	63,739	-	-	63,739
Curriculum development	56,467	-	-	56,467
Staff development	4,000	-	-	4,000
Instruction related technology	109,791	-	-	109,791
Board of directors	16,118	-	-	16,118
School administration	1,674,962	-	-	1,674,962
Fiscal services	745,701	-	-	745,701
Central services	94,765	-	-	94,765
Transportation	271,609	-	-	271,609
Operation of plant	1,408,221	-	512,282	1,920,503
Maintenance of plant	153,615	-	-	153,615
Community services	82,369	-	-	82,369
Fixed capital outlay	1,087,970	-	-	1,087,970
Total expenditures	<u>8,009,655</u>	<u>1,182,029</u>	<u>512,282</u>	<u>9,703,966</u>
Net change in fund balances	471,360	-	-	471,360
Fund balances at July 1, 2022	29,866	-	-	29,866
Fund balances at June 30, 2023	<u>\$ 501,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,226</u>

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

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	471,360
The change in net assets reported for governmental activities in the statement of activities is 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.		
Total fixed capital outlay	\$ 1,087,970	
Less: depreciation	<u>(382,879)</u>	705,091
Long-term liabilities are not due and payable in the current period and therefore are not reported in funds. Those liabilities consist of:		
Accrued compensation	(2,705)	
Deferred revenue	<u>1,670</u>	<u>(1,035)</u>
Change in net position of governmental activities	\$	<u><u>1,175,416</u></u>

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

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND

June 30, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash	\$ 191,940
Total assets	<u>\$ 191,940</u>
FIDUCIARY NET POSITION	
Restricted for:	
Individuals and organizations	\$ 191,940
Total net fiduciary position	<u>\$ 191,940</u>

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

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND

Year Ended June 30, 2023

	<u>Custodial Fund</u>
<i>ADDITIONS</i>	
Donations	<u>\$ 178,008</u>
Total additions	<u>178,008</u>
<i>DEDUCTIONS</i>	
Supplies and gifts	<u>164,213</u>
Total deductions	<u>164,213</u>
Change in fiduciary net position	13,795
Fiduciary net position - beginning	<u>178,145</u>
Fiduciary net position - ending	<u><u>\$ 191,940</u></u>

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

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Four Corners Charter School, (the "School"), is a division of Four Corners Charter School, Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida, a 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 governing body of the School is the not-for-profit corporation's Board of Directors, which is comprised of five members. The financial information presented in these financial statements is only that of the School.

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 School Board of Osceola County, Florida (the "District"). The current charter is effective until June 30, 2031 and may be extended for an additional two years upon approval of 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 that case, the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the District. The School is considered to be part of the Charterholder, which is a component unit of the District.

The School's entire workforce is provided by the management company; therefore, all employee benefits are provided by the management company.

2. 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 the governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. 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. 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. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund, special revenue fund, and capital outlay fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. 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. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

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 revenues, 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. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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.

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, expenditures related to compensated absences are only recorded when due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

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 - the general 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 - to account for the proceeds of specific revenue sources restricted or committed to the expenditures for a specific purpose, including all federal grant revenues passed through the School District (i.e., Title I and Title IV, ESSER, etc.).

Capital Outlay Fund - in accordance with guidelines established by The School District of Osceola County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Additionally, the School reports the following custodial fund type:

Custodial Fund - to account for resources of the school internal funds which are used to administer funds collected in connection with parent-teacher and student organization fund-raisers.

Fiduciary (custodial) funds are purely custodial in nature (assets equal liabilities) and as such do not have a measurement focus. Custodial funds use the accrual basis of accounting to recognize receivables and payables.

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's receivables consist primarily of other third party amounts and amounts due from the Charterholder. The School's management determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Prepaid items

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items in both the government-wide and fund financial statements.

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an individual cost of more than \$750 or a total invoice cost of greater than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition 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 not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives (years)</u>
Furniture, fixtures and equipment	5
Improvements other than buildings	5-10
IT equipment	3
Computer software	3
School buses	5
Audio visual equipment	5
Right to use lease assets	3

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING
POLICIES (continued)**

8. Leases

The School has a lease for its facilities. The School recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

9. Accrued compensated absences

The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from services. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

10. Revenue recognition

Student funding is provided by the State of Florida through the District. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements and is net of 5% administration fee retained by the School District. This funding is received on a prorate basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Charterholder and then to the School 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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Revenue sources (continued)

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

12. Income taxes

The School is a component unit of the Charterholder, which is a component unit of the School Board of Osceola County, Florida and therefore as a government is not required to file an income tax return.

13. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

14. Excess of expenditure over appropriations

Florida Education Finance Program (FEFP) and other federal and state funds are forwarded to the management company for use in school operations. The Charterholder does not reimburse the management company for expenditures incurred in excess of revenue received, unless a budgeted deficit is approved by the Board. Any amounts in excess of the approved budget are considered to be contributed by the management company. For the year ended June 30, 2023, there was no sponsorship recognized by the School from the management company.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Fund balance classification

The School follows Government Accounting Standard ("GASB") No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

Assigned: This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Unassigned: This classification includes amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, and then assigned funds and lastly unassigned funds.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

16. New GASB pronouncements

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, in May 2020. GASB 96 increases the usefulness of governments' financial statements by requiring recognition of certain assets and liabilities for SBITAs that previously recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITAs accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. The provisions in GASB 96 were implemented in the year ended June 30, 2023. The implementation of the new pronouncement did not have any impact on the financial statements as the School does not hold any SBITAs.

NOTE B - 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. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity. At June 30, 2023, the School's cash balance was \$35,707 in excess of FDIC coverage. The School has no history of loss due to exceeding coverage limitations.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE C - CAPITAL ASSETS

Changes in capital assets were as follows for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets depreciated:				
School buses	\$ -	\$ 121,749	\$ -	\$ 121,749
Furniture, fixtures and equipment	1,547,711	-	-	1,547,711
Improvements other than buildings	631,671	688,200	-	1,319,871
IT equipment	1,712,116	278,021	-	1,990,137
Computer software	89,983	-	-	89,983
Audio visual equipment	37,392	-	-	37,392
Total assets depreciated	<u>4,018,873</u>	<u>\$ 1,087,970</u>	<u>\$ -</u>	<u>5,106,843</u>
Less accumulated depreciation:				
School buses	-	\$ -	\$ -	-
Furniture, fixtures and equipment	1,459,604	34,112	-	1,493,716
Improvements other than buildings	251,581	125,996	-	377,577
IT equipment	1,403,712	212,504	-	1,616,216
Computer software	84,906	3,100	-	88,006
Audio visual equipment	25,957	7,167	-	33,124
Total accumulated depreciation	<u>3,225,760</u>	<u>\$ 382,879</u>	<u>\$ -</u>	<u>3,608,639</u>
Total governmental activities capital assets, net	<u>\$ 793,113</u>			<u>\$ 1,498,204</u>

Depreciation expense for the year ended June 30, 2023 was charged to functions of the School as follows:

Basic instruction	<u>\$ 382,879</u>
	<u>\$ 382,879</u>

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE D - LONG-TERM LIABILITIES

Changes in long-term liabilities:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due within one year
Accrued compensation	\$ 42,338	\$ 1,035	\$ -	\$ 43,373	\$ 32,530
Total long-term liabilities	<u>\$ 42,338</u>	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 43,373</u>	<u>\$ 32,530</u>

NOTE E - RELATED PARTIES

1. Due from / (due to) management company

The School has entered into an agreement with a management company for professional services. Under terms of the agreement, the management company will manage and operate the School (See Note G-1). The management company charges the School for certain expenses paid on behalf of the School and for any operating advances. In addition, the School is required to pay a guaranteed fee and a contingent incentive fee when certain criteria are met. As of June 30, 2023, the School's balance sheet reflects a payable due to the management company in the amount of \$608,017.

2. Due from / (due to) charterholder

All monies received by revenue, grants and revenue allocations are initially deposited with the Charterholder. The Charterholder retains funds in order to pay for certain operating expenses such as lease payments, long term maintenance of the facility, transportation costs, and management fees. At June 30, 2023, the balance sheet reflects a receivable due from Charterholder in the amount of \$702,139.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE F - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Osceola County:	
Base funding	\$ 4,729,036
Class size reduction	975,255
Discretionary local effort	399,376
Discretionary millage compression allocation	287,745
Teacher salary increase allocation	279,121
Supplemental academic instruction	201,744
Student transportation	118,508
Instructional materials	72,393
Total funds compression allocation	57,109
Safe schools	56,883
Exceptional student education guaranteed allocation	52,530
Reading allocation	52,329
Mental health assistance allocation	43,440
Florida teacher lead program	25,168
Florida teacher classroom supply allocation	11,601
Prior year funding adjustment	(9,961)
Subtotal	7,352,277
Capital outlay funds	512,282
ESSER II	453,615
ESSER III	452,297
Title I	265,953
Title IV	10,164
Subtotal	1,694,311
Total passed through the School District of Osceola County, Florida	9,046,588
Other revenue:	
Other revenues	1,128,738
	\$ 10,175,326

The administration fee paid to the District during the year ended June 30, 2023 totaled \$96,776 and is reflected as a general administration expense/expenditure in the accompanying financial statements.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE G - COMMITMENTS AND CONTINGENCIES

1. Management service contract

On February, 2020, the School extended its management agreement, which originally commenced on July 1, 2006. The extension is for a term of five years commencing on July 1, 2020. The contract terminates the earlier of June 30, 2025 or the termination date of the charter if the District chooses to terminate or not to renew.

The management company will manage and operate the School during the term of the agreement. The management company is guaranteed a fee of \$500,000 plus contingent incentive fees. The incentive fees are calculated as the difference between the guaranteed fee and 13% of FEFP operational revenues, and subject to performance requirements detailed in the management agreement. Current year management fees charged to operations totaled \$617,376. The management company may earn an additional incentive fee of 2% of FEFP operational revenues in the event the School attains or maintains a High Performing Charter School as designated by Florida statutes. Any unearned incentive fees will be retained by the Charterholder. Unearned incentive management fees totaling \$495,638 were retained by the Charterholder for the year ended June 30, 2023.

2. Facilities sub-lease

The real property, buildings, and other assets, which comprise the School's facilities, are owned by the District. Construction of the buildings was financed by the issuance of \$8,315,000 principal amount of Certificates of Participation, Series 2000A and \$6,385,000 principal amount of Certificates of Participation, Series 2000B (the "Certificates"), which are obligations of the District.

On April 19, 2005, the District issued \$12,095,000 principal amount of Certificates of Participation, Series 2005. The proceeds were used to refund a portion of the outstanding Series 2000 Certificates maturing on and after August 1, 2011 (the "Refunded Certificates") and, therefore, refinanced a portion of the cost of the acquisition, construction and equipment of facilities and reduced the corresponding basic lease payments due under the lease.

On August 7, 2015, the District issued \$8,310,000 principal amount of Certificates of Participation, Series 2015. The proceeds were used to refund the outstanding Series 2005 Certificates maturing on or after February 2016. The Series 2015 Certificates were issued to reduce the basic lease payments due under the lease and mature in August 2024.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE G - COMMITMENTS AND CONTINGENCIES (continued)

2. Facilities sub-lease (continued)

The School is entitled to use the facilities under a sub-lease agreement with the District that requires annual payments in amounts equal to the annual debt service payments on the Certificates. Such annual payments range from \$1,035,651 to \$1,045,730 for the School. At the end of the term of the charter including renewals, if any, possession of the School facilities will revert to the District which will be liable for all future payments.

Current year facilities expense charged to operations totaled \$1,058,934. This amount is included in the "Operation of plant" functional expense category on the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances. A portion of the facility use fee in the amount of \$512,282 was reimbursed through capital outlay funds.

The School follows GASB Statement No. 87 for *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

	Principal	Interest	Total
2024	\$ 995,000	\$ 40,651	\$ 1,035,651
2025	1,025,000	13,684	1,038,684
	\$ 2,020,000	\$ 54,335	\$ 2,074,335

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE H - 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; and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School's liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2023. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

REQUIRED SUPPLEMENTAL INFORMATION

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
State sources	\$ 8,630,304	\$ 7,352,277	\$ 7,352,277	\$ -
Local sources	178,552	1,128,738	1,128,738	-
Total revenues	8,808,856	8,481,015	8,481,015	-
Expenditures				
Instruction				
Basic instruction	3,235,234	1,953,649	1,953,649	-
Exceptional instruction	55,990	196,757	196,757	-
Instruction support service				
Pupil personnel services	473,523	210,128	210,128	-
Instruction related technology	25,450	109,791	109,791	-
Instructional staff training services	10,119	4,000	4,000	-
Administrative services	687,584	1,674,962	1,674,962	-
Transportation	342,218	271,609	271,609	-
Plant operations and maintenance	2,491,986	1,561,836	1,561,836	-
Operations of noninstructional services				
Board services	13,200	16,118	16,118	-
Fiscal services	623,068	745,701	745,701	-
Central services	665,267	94,765	94,765	-
Community services	82,325	82,369	82,369	-
Fixed capital outlay	58,360	1,087,970	1,087,970	-
Total expenditures	8,764,324	8,009,655	8,009,655	-
Net change in fund balances	44,532	471,360	471,360	-
Fund balance at July 1, 2022	29,866	29,866	29,866	-
Fund balance at June 30, 2023	\$ 74,398	\$ 501,226	\$ 501,226	\$ -

See accompanying note to required supplemental information.

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Federal passed through state	\$ 1,087,047	\$ 1,182,029	\$ 1,182,029	\$ -
Total revenues	<u>1,087,047</u>	<u>1,182,029</u>	<u>1,182,029</u>	<u>-</u>
Expenditures				
Instruction	1,087,047	1,182,029	1,182,029	-
Total expenditures	<u>1,087,047</u>	<u>1,182,029</u>	<u>1,182,029</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance at July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2023

NOTE A - BUDGETARY INFORMATION

Annual budgets are adopted for the entire operation and may be amended by the Board of Directors (the "Board"). Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

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.

SUPPLEMENTAL INFORMATION



Partners

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Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
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**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
Four Corners Charter School, Inc.
Davenport, 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 Four Corners Charter School (the "School"), a division of Four Corners Charter School, Inc. as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 20, 2023



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Four Corners Charter School, Inc.
Davenport, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Four Corners Charter School’s (the “School”), a division of Four Corners Charter School, Inc, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2023. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Four Corners Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Report on Internal Control over Compliance (continued)

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 20, 2023

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as a low-risk auditee? | No |

Identification of major programs:

<u>Name of Federal Programs</u>	<u>ALN</u>
Education Stabilization Fund	84.425

**Four Corners Charter School
(A division of Four Corners Charter School, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2023

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Findings and Questioned Costs

None (there are no items related to Federal Programs required to be reported in the management letter, therefore no management letter issued)

Section IV – Status of Prior Year Audit Findings

None reported (no corrective action plan or management letter required)

Four Corners Charter School
(A division of Four Corners Charter School, Inc.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Grantor/Program Title	ALN	Award Number	Expenditures
Federal Awards:			
U.S. Department of Education			
<i>Passed through Florida Department of Education and District School Board of Osceola County, Florida</i>			
Education Stabilization Fund:			
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	COVID-19, 84.425U	4810021	\$ 452,737
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	COVID-19, 84.425D	4810021	<u>453,175</u>
Total Education Stabilization Fund			905,912
Title I Grants to Local Educational Agencies	84.010	4810021	265,953
Student Support and Academic Enrichment Grants	84.424	4443031	<u>10,164</u>
Total passed through Florida Department of Education			<u>1,182,029</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,182,029</u></u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Indirect Cost Rates

The School has elected to not use the 10% de minimis indirect cost rate for its federal programs for the year ended June 30, 2023. The indirect cost rates used on the School's federal programs are determined by the relevant federal agency.



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MANAGEMENT LETTER

To the Board of Directors
Four Corners Charter School, Inc.
Davenport, Florida

Report on the Financial Statements

We have audited the financial statements of Four Corners Charter School (the "School"), a division of Four Corners Charter School, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 20, 2023.

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; (if applicable) the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 20, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, the School did not have prior year findings.

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 is *Four Corners Charter School* (490863), a division of Four Corners Charter School, Inc., which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes.

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, requires 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 determine that Four Corners Charter School did not meet any of the conditions described in section 218.503(1), Florida Statutes.

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Four Corners Charter School's management, Four Corners Charter School, Inc., the Board of Directors, others within the School Board of Osceola County, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 20, 2023

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2023, there were no management findings, recommendations and responses.