



**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2024



CONTENTS

	<u>Page</u>
Management's Discussion and Analysis	1 - 7
Independent Auditor's Report on Basic Financial Statements and Supplementary Information	8 - 10
Basic Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17 - 26
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	27
Budgetary Comparison Schedule – Special Revenue Fund	28
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>Government Auditing Standards</i>	29 - 31
Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers:</i>	
Management Letter	32 - 34
Written Statement of Explanation or Rebuttal	35

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Alee Academy, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- During 2024, the School's revenues exceeded expenses by \$325,485, which was an increase from the prior year when revenues exceeded expenses by \$220,807 (as restated).
- Overall, revenues increased by approximately \$253,000, which was a 13% increase from the prior year.
- Overall, expenses increased by approximately \$148,000, which was a 9% increase from the prior year.
- Total assets were \$1,845,428 and total liabilities were \$145,053, resulting in net position of \$1,700,375 as of June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements
		Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has one type of fund:

Governmental Funds – Most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2024 and 2023 is summarized as follows – see table below.

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2024</u>	<u>(as restated) 2023</u>	
Current and other assets	\$ 570,215	\$ 233,893	144%
Capital assets, net	1,275,213	1,249,308	2%
Total assets	<u>1,845,428</u>	<u>1,483,201</u>	<u>24%</u>
Current and other liabilities	55,054	79,998	-31%
Long-term liabilities	89,999	28,313	218%
Total liabilities	<u>145,053</u>	<u>108,311</u>	<u>34%</u>
Net position:			
Net investment in capital assets	1,185,214	1,220,995	-3%
Restricted for capital projects	86,216	12,437	593%
Unrestricted	428,945	141,458	203%
Total net position	<u>\$ 1,700,375</u>	<u>\$ 1,374,890</u>	<u>24%</u>

Current and other liabilities decreased due to the timing of payments near year-end. Long-term liabilities changed due to increased borrowings, net of principal payments on notes payable in the current year. Current and other assets and total net position changed due to the School's current year operating surplus and the activity noted above.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Change in Net Position

The School's total revenues increased by 13% to \$2,127,774, and the total cost of all programs and services increased by 9% to \$1,802,289 – see table below.

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2024</u>	<u>(as restated) 2023</u>	
Revenues:			
Federal sources passed through local school district	\$ 495,039	\$ 129,438	282%
State and local sources	1,574,990	1,388,514	13%
Contributions and other revenue	57,745	357,089	-84%
Total revenues	<u>2,127,774</u>	<u>1,875,041</u>	<u>13%</u>
Expenses:			
Instruction	664,238	557,533	19%
Student support services	160,734	180,245	-11%
Instructional staff training	7,087	1,449	389%
Instruction-related technology	-	1,593	-100%
Board	47,484	23,917	99%
General administration	68,111	59,093	15%
School administration	307,008	264,496	16%
Facilities acquisition and construction	50,300	49,376	2%
Fiscal services	64,791	39,557	64%
Student transportation services	100,837	144,403	-30%
Operation and maintenance of plant	264,225	267,819	-1%
Administrative technology services	62,064	56,946	9%
Interest	5,410	7,807	-31%
Total expenses	<u>1,802,289</u>	<u>1,654,234</u>	<u>9%</u>
Change in net position	<u>\$ 325,485</u>	<u>\$ 220,807</u>	<u>47%</u>

Federal sources passed through local school district increased due to funding from the Elementary and Secondary School Emergency Relief III ("ESSER") Fund. State and local sources increased due to the receipt of local capital improvement funds and increased enrollment in the current year. Contributions and other revenue changed due to increased bus service fees charged, net of the gain on disposal of capital assets from the prior year that did not recur.

Instruction and school administration increased due to changes in staffing and higher health insurance costs in the current year. Board expenses and fiscal services changed due to increased professional services incurred in the current year. Student transportation services decreased due to changes in staffing and a decrease in depreciation expense allocated to this function.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$515,161. Overall, revenues and expenditures changed for the same reasons described above.

General Fund Budgetary Highlights

Over the course of the year, the School revised its budget several times to account for the changes in student enrollment and resulting increases in appropriations.

For 2024, actual general fund revenues were not significantly different from the final budget amounts. Actual general fund expenditures were approximately \$25,000 below the final budget, which represents a 2% budget variance.

Special Revenue Fund Budgetary Highlights

For 2024, actual special revenue fund revenues and expenditures were not significantly different from the final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School's investment in capital assets at the end of fiscal 2024 amounts to \$1,275,213 (net of accumulated depreciation). See table below:

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2024</u>	<u>(as restated) 2023</u>	
Land	\$ 305,395	\$ 305,395	0%
Buildings and improvements	1,747,902	1,648,494	6%
Land improvements	59,216	53,897	10%
Furniture, fixtures and equipment	303,061	303,061	0%
Motor vehicles	429,410	429,410	0%
Less accumulated depreciation	<u>(1,569,771)</u>	<u>(1,490,949)</u>	-5%
Total capital assets, net	<u>\$ 1,275,213</u>	<u>\$ 1,249,308</u>	<u>2%</u>

This year's major capital asset additions include the following:

- Roof replacement - \$99,408
- Fencing and gates - \$5,319

There were no major capital asset disposals during the current year. More detailed information about the School's capital assets is presented in Note 4 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Long-term Debt

As of June 30, 2024, the School had \$89,999 in long-term debt outstanding. This year's major long-term debt addition includes a note payable of \$100,000 to fund the roof replacement. Scheduled payments reduced the amount outstanding in the current year. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2025:

- Projected stable student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$1,501,000, a decrease of 1% from the 2024 actual of \$1,513,127. Budgeted expenditures are expected to be approximately \$1,499,000, an increase of 12% from the 2024 actual of \$1,337,552. The School has added no major new programs to the fiscal 2025 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to increase by the close of fiscal 2025.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1705 East County Road 44A, Eustis, Florida 32726.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors of Alee Academy, Inc., a Charter School
and Component Unit of the District School Board of Lake County, Florida

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Alee Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2024, 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 and each major fund of Alee Academy, Inc. as of June 30, 2024, and the respective changes in financial position thereof 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 on pages 1 – 7 and the budgetary comparison information on pages 27 – 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024 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.

BKHM, P.A.

Orlando, Florida
September 30, 2024

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 155,855
Accounts receivable	403,612
Other assets	10,748
Capital assets, net	1,275,213
Total assets	\$ 1,845,428
LIABILITIES	
Accounts payable and accrued expenses	\$ 55,054
Long-term liabilities:	
Due within one year	20,002
Due in more than one year	69,997
Total liabilities	145,053
NET POSITION	
Net investment in capital assets	1,185,214
Restricted for:	
Capital projects	86,216
Unrestricted	428,945
Total net position	1,700,375
Total liabilities and net position	\$ 1,845,428

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

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 664,238	\$ -	\$ 144,974	\$ -	\$ (519,264)	\$ (519,264)
Student support services	160,734	-	117,874	-	(42,860)	(42,860)
Instructional staff training	7,087	-	-	-	(7,087)	(7,087)
Board	47,484	-	-	-	(47,484)	(47,484)
General administration	68,111	-	2,200	-	(65,911)	(65,911)
School administration	307,008	-	51,721	-	(255,287)	(255,287)
Facilities acquisition and construction	50,300	-	-	-	(50,300)	(50,300)
Fiscal services	64,791	-	-	-	(64,791)	(64,791)
Student transportation services	100,837	-	3,230	-	(97,607)	(97,607)
Operation and maintenance of plant	264,225	-	3,006	-	(261,219)	(261,219)
Administrative technology services	62,064	-	60,122	-	(1,942)	(1,942)
Interest	5,410	-	-	-	(5,410)	(5,410)
Total primary government	<u>\$ 1,802,289</u>	<u>\$ -</u>	<u>\$ 383,127</u>	<u>\$ -</u>	<u>(1,419,162)</u>	<u>(1,419,162)</u>
General revenues:						
Federal sources passed through local school district					111,912	111,912
State and local sources					1,574,990	1,574,990
Contributions and other revenue					57,745	57,745
Total general revenues					<u>1,744,647</u>	<u>1,744,647</u>
Change in net position					325,485	325,485
Net position at beginning of year, as previously reported					1,044,559	1,044,559
Prior period restatement (Note 8)					330,331	330,331
Net position at beginning of year, as restated					<u>1,374,890</u>	<u>1,374,890</u>
Net position at end of year					<u>\$ 1,700,375</u>	<u>\$ 1,700,375</u>

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

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 69,639	\$ -	\$ 86,216	\$ 155,855
Accounts receivable	20,293	383,319	-	403,612
Other assets	10,748	-	-	10,748
Due from special revenue fund	382,440	-	-	382,440
Total assets	\$ 483,120	\$ 383,319	\$ 86,216	\$ 952,655
LIABILITIES				
Accounts payable and accrued expenditures	\$ 54,175	\$ 879	\$ -	\$ 55,054
Due to general fund	-	382,440	-	382,440
Total liabilities	54,175	383,319	-	437,494
FUND BALANCES				
Fund balances:				
Nonspendable:				
Other assets	10,748	-	-	10,748
Restricted for:				
Capital projects	-	-	86,216	86,216
Unassigned	418,197	-	-	418,197
Total fund balances	428,945	-	86,216	515,161
Total liabilities and fund balances	\$ 483,120	\$ 383,319	\$ 86,216	\$ 952,655

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

JUNE 30, 2024

Total fund balances - governmental funds	\$ 515,161
---	-------------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$2,844,984 and the accumulated depreciation is \$1,569,771.	1,275,213
---	-----------

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

Notes payable	(89,999)
Total net position - governmental activities	<u><u>\$ 1,700,375</u></u>

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

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

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

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ 495,039	\$ -	\$ 495,039
State and local sources	1,455,382	-	119,608	1,574,990
Contributions and other revenue	57,745	-	-	57,745
Total revenues	<u>1,513,127</u>	<u>495,039</u>	<u>119,608</u>	<u>2,127,774</u>
EXPENDITURES				
Current:				
Instruction	506,087	144,974	-	651,061
Student support services	42,860	117,874	-	160,734
Instructional staff training	7,087	-	-	7,087
Board	47,484	-	-	47,484
General administration	65,911	2,200	-	68,111
School administration	254,858	51,721	-	306,579
Facilities acquisition and construction	-	-	102,416	102,416
Fiscal services	64,791	-	-	64,791
Student transportation services	79,772	3,230	-	83,002
Operation and maintenance of plant	261,130	3,006	-	264,136
Administrative technology services	1,942	60,122	-	62,064
Debt service:				
Principal	-	-	38,314	38,314
Interest	311	-	5,099	5,410
Other capital outlay	5,319	-	-	5,319
Total expenditures	<u>1,337,552</u>	<u>383,127</u>	<u>145,829</u>	<u>1,866,508</u>
Excess (deficiency) of revenues over expenses	<u>175,575</u>	<u>111,912</u>	<u>(26,221)</u>	<u>261,266</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from note payable	-	-	100,000	100,000
Transfers in	111,912	-	-	111,912
Transfers out	-	(111,912)	-	(111,912)
Total other financing sources (uses)	<u>111,912</u>	<u>(111,912)</u>	<u>100,000</u>	<u>100,000</u>
Net changes in fund balances	287,487	-	73,779	361,266
Fund balances at beginning of year	141,458	-	12,437	153,895
Fund balances at end of year	<u>\$ 428,945</u>	<u>\$ -</u>	<u>\$ 86,216</u>	<u>\$ 515,161</u>

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

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

FOR THE YEAR ENDED JUNE 30, 2024

Net changes in fund balances - total governmental funds		\$ 361,266
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$104,727) exceed depreciation expense (\$78,822) in the current period.		25,905
Proceeds from long-term debt are reported as other financing sources in the governmental funds because they represent an increase in current financial resources. They are reported as an increase in long-term liabilities in the statement of net position. These amounts represent the current year borrowings under long-term debt.		(100,000)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		38,314
Change in net position of governmental activities		\$ 325,485

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

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Alee Academy, Inc. (the "School") 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. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2025 and may be renewed thereafter by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board 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 School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; 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 of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

The School's basic financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. Accordingly, both government-wide and fund financial statements are presented.

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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. 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.

The government-wide financial statements of the School are generally divided into three categories:

Governmental Activities – Most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

Business-type Activities – In certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.

Component Units – There currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – 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 and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds and local capital improvement funds.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

For purposes of these statements, the general, special revenue, and capital projects funds are considered major funds. There are no other governmental funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures 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 presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes.

Receivables

Receivables consist of amounts due from governmental agencies for capital outlay or other programs. Allowances are reported when management estimates that accounts may be uncollectible.

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	15 - 39
Land improvements	7 - 39
Furniture, fixtures and equipment	5 - 15
Motor vehicles	5

Information relative to changes in capital assets is described in Note 4.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 6.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to the restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the Principal up to the amount of \$50,000. The minimum fund balance requirement for the School's funds is five percent of the annual revenue.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 250 students.

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Subsequent Events

The School has evaluated subsequent events through September 30, 2024, the date these financial statements were available to be issued.

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$403,612 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

3 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2024:

	Interfund Receivables	Interfund Payables
General fund	\$ 382,440	\$ -
Special revenue fund	-	382,440
Total interfund	\$ 382,440	\$ 382,440

The amount payable by the special revenue fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

A summary of transfers between funds for the year ended June 30, 2024 is shown below:

	Transfers In	Transfers Out
General fund	\$ 111,912	\$ -
Special revenue fund	-	111,912
Total interfund	\$ 111,912	\$ 111,912

During 2024, the special revenue fund transferred \$111,912 to reimburse the general fund for expenditures paid that qualified for federal reimbursement in 2024.

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

4 CHANGES IN CAPITAL ASSETS

Capital asset activity during 2024 was as follows:

	<u>Beginning Balance</u> (as restated)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 305,395	\$ -	\$ -	\$ 305,395
Total capital assets not being depreciated	<u>305,395</u>	<u>-</u>	<u>-</u>	<u>305,395</u>
Depreciable capital assets:				
Buildings and improvements	1,648,494	99,408	-	1,747,902
Land improvements	53,897	5,319	-	59,216
Furniture, fixtures and equipment	303,061	-	-	303,061
Motor vehicles	429,410	-	-	429,410
Total depreciable capital assets	<u>2,434,862</u>	<u>104,727</u>	<u>-</u>	<u>2,539,589</u>
Less accumulated depreciation for:				
Buildings and improvements	(777,114)	(42,327)	-	(819,441)
Land improvements	(49,382)	(1,796)	-	(51,178)
Furniture, fixtures and equipment	(252,878)	(16,864)	-	(269,742)
Motor vehicles	(411,575)	(17,835)	-	(429,410)
Total accumulated depreciation	<u>(1,490,949)</u>	<u>(78,822)</u>	<u>-</u>	<u>(1,569,771)</u>
Total depreciable capital assets, net	<u>943,913</u>	<u>25,905</u>	<u>-</u>	<u>969,818</u>
Governmental activities capital assets, net	<u>\$ 1,249,308</u>	<u>\$ 25,905</u>	<u>\$ -</u>	<u>\$ 1,275,213</u>

Beginning balances in the above schedule have been restated, as further discussed in Note 8.

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 13,177
School administration	429
Facilities acquisition and construction	47,292
Student transportation services	17,835
Operation and maintenance of plant	<u>89</u>
Total governmental activities depreciation expense	<u>\$ 78,822</u>

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

5 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal 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 collectibility of any related receivable as of June 30, 2024 may be impaired. In the opinion of the School, there are no significant contingent 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.

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

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

Salary Savings Plan

The School has adopted a SIMPLE IRA retirement program (the "Plan"), which covers all full time employees upon employment. Eligible employees may elect to contribute a portion of their earnings to the Plan. The School makes contributions to the Plan by matching 100% of employee contributions up to 3% of compensation. There were no employer contributions during fiscal 2024.

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS
(continued)

6 LONG-TERM LIABILITIES

Long-term liabilities activity during 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 28,313	\$ 100,000	\$ (38,314)	\$ 89,999	\$ 20,002
Governmental activities, long-term liabilities	<u>\$ 28,313</u>	<u>\$ 100,000</u>	<u>\$ (38,314)</u>	<u>\$ 89,999</u>	<u>\$ 20,002</u>

Notes payable are typically liquidated first with capital projects fund resources, when available, and then with general fund resources.

Notes Payable

Notes payable consisted of the following as of June 30, 2024:

Promissory note payable to a financial institution. Principal payments of \$1,667 plus interest at 8.50% are due monthly until its maturity in December 2028. Note is secured by certain of the School's motor vehicles.	<u>\$ 89,999</u>
Total notes payable	89,999
Less amount due or payable within one year	<u>(20,002)</u>
Amount due or payable after one year	<u>\$ 69,997</u>

Future debt service requirements related to notes payable are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,002	\$ 6,871	\$ 26,873
2026	20,002	5,170	25,172
2027	20,002	3,470	23,472
2028	20,002	1,770	21,772
2029	9,991	247	10,238
	<u>\$ 89,999</u>	<u>\$ 17,528</u>	<u>\$ 107,527</u>

**ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources and amounts:

District School Board of Lake County, Florida:	
Florida Education Finance Program	\$ 896,323
Class size reduction	158,161
Capital outlay	104,510
Discretionary local effort	90,274
Additional millage	84,199
Student transportation	80,698
Discretionary millage compression allocation	42,062
Educational enrichment share	40,375
ESE guaranteed allocation	35,655
Local capital improvement revenue	15,098
Safe schools	14,880
Mental health assistance	9,835
Other	<u>2,920</u>
Total	<u><u>\$ 1,574,990</u></u>

The administrative fee paid to the School Board during 2024 totaled approximately \$66,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

8 PRIOR PERIOD RESTATEMENT

During fiscal year 2024, it was determined that net capital assets were understated as of June 30, 2023, primarily because of errors in recording capital asset disposals in prior years. Accordingly, the beginning balance of net capital assets and the net investment in capital assets increased by \$330,331.

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 1,260,742	\$ 1,385,742	\$ 1,455,382	\$ 69,640
Contributions and other revenue	72,190	132,190	57,745	(74,445)
Total revenues	<u>1,332,932</u>	<u>1,517,932</u>	<u>1,513,127</u>	<u>(4,805)</u>
EXPENDITURES				
Current:				
Instruction	384,252	509,252	506,087	3,165
Student support services	108,533	45,533	42,860	2,673
Instructional staff training	-	-	7,087	(7,087)
Instruction-related technology	1,800	1,800	-	1,800
Board	24,800	49,800	47,484	2,316
General administration	63,037	67,037	65,911	1,126
School administration	255,509	259,509	254,858	4,651
Fiscal services	50,586	65,586	64,791	795
Food services	1,300	1,300	-	1,300
Student transportation services	74,009	80,009	79,772	237
Operation and maintenance of plant	193,347	280,347	261,130	19,217
Administrative technology services	56,773	2,773	1,942	831
Debt service:				
Interest	-	-	311	(311)
Other capital outlay	-	-	5,319	(5,319)
Total expenditures	<u>1,213,946</u>	<u>1,362,946</u>	<u>1,337,552</u>	<u>25,394</u>
Excess of revenues over expenditures	<u>118,986</u>	<u>154,986</u>	<u>175,575</u>	<u>20,589</u>
OTHER FINANCING SOURCES				
Transfers in	-	111,912	111,912	-
Total other financing sources	<u>-</u>	<u>111,912</u>	<u>111,912</u>	<u>-</u>
Net change in fund balance	118,986	266,898	287,487	20,589
Fund balance at beginning of year	141,458	141,458	141,458	-
Fund balance at end of year	<u>\$ 260,444</u>	<u>\$ 408,356</u>	<u>\$ 428,945</u>	<u>\$ 20,589</u>

See independent auditor's report.

ALEE ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources passed through local school district	\$ 255,670	\$ 495,039	\$ 495,039	-
Total revenues	<u>255,670</u>	<u>495,039</u>	<u>495,039</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	163,841	144,974	144,974	-
Student support services	89,829	117,874	117,874	-
Instructional staff training	2,000	-	-	-
General administration	-	2,200	2,200	-
School administration	-	51,721	51,721	-
Student transportation services	-	3,230	3,230	-
Operation and maintenance of plant	-	3,006	3,006	-
Administrative technology services	-	60,122	60,122	-
Total expenditures	<u>255,670</u>	<u>383,127</u>	<u>383,127</u>	<u>-</u>
Excess of revenues over expenses	<u>-</u>	<u>111,912</u>	<u>111,912</u>	<u>-</u>
OTHER FINANCING USES				
Transfers out	-	(111,912)	(111,912)	-
Total other financing uses	<u>-</u>	<u>(111,912)</u>	<u>(111,912)</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

**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 Alee Academy, Inc., a Charter School
and Component Unit of the District School Board of Lake County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Alee Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2024, 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 30, 2024.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified.



We identified a deficiency in internal control, described below, that we consider to be a material weakness.

Finding 2024-001: Timely Reconciliation of Capital Assets

Performing timely reconciliations between the capital asset detail and the amounts recorded in the general ledger is an important internal control that protects an entity's assets and ensures all transactions have been properly recorded in the proper period. During our audit procedures, it was brought to our attention that capital assets were not being reconciled to the general ledger on a regular basis. As a result, various capital assets that were disposed in previous years remained in the general ledger.

An adjustment was recorded to dispose of these capital assets, resulting in a prior period restatement of the beginning balance of net capital assets and the net investment in capital assets. During 2024, management took the appropriate measures to correct the historical inaccuracies that led to the prior period restatement. We recommend that management continue monitoring and performing the reconciliations in a timely manner.

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*.

SCHOOL'S RESPONSE TO FINDING

Government Auditing Standards require the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the written statement of explanation or rebuttal on page 35. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

To the Board of Directors of Alee Academy, Inc., a Charter School
and Component Unit of the District School Board of Lake County, Florida
Page 3

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.

BKHM, P.A.

Orlando, Florida
September 30, 2024

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

To the Board of Directors of Alee Academy, Inc., a Charter School
and Component Unit of the District School Board of Lake County, Florida

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and each major fund of Alee Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2024, and have issued our report thereon dated September 30, 2024.

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 Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 30, 2024, 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 findings or recommendations in the preceding annual financial audit report.

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Alee Academy, Inc., and the school code assigned by the Florida Department of Education is 9018.

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 the review of financial information provided by same. The financial condition assessment was done as of the fiscal year-end.

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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 fraud, waste, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

PURPOSE OF THIS LETTER

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

BKEM, P.A.

Orlando, Florida
September 30, 2024