

**OPTIMA EDUCATION NETWORK, INC.
DBA OPTIMA CLASSICAL ACADEMY**

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

**Financial Statements
with Independent Auditor's Reports Thereon**

June 30, 2024



McCRADY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>Page</u>
Management’s Discussion and Analysis	1 – 6
Independent Auditor’s Report	7 – 9
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds	13
Notes to Financial Statements	14 – 21
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	22
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>	23 – 24
Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities:</i>	
Management Letter	25 – 26

**OPTIMA EDUCATION NETWORK, INC.
DBA OPTIMA CLASSICAL ACADEMY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Optima Education Network, Inc. DBA Optima Classical Academy (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ This is the School's second year of operations. The school is managed by OptimaEd, LLC.
- ❖ For the fiscal year ended June 30, 2024, the School's total expenses exceeded revenues by approximately \$4.
- ❖ For the fiscal year ended June 30, 2024, the School ended with a total combined fund balance of approximately \$33,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains required supplemental information to enhance the reader's understanding of the financial condition of School. 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, Audits of Charter Schools and Similar Entities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition. The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain

services. For the year ended June 30, 2024, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what money left at year-end is available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund and special revenue fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. The budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 16 of this report.

This report 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, *Audits of Charter Schools and Similar Entities*.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

The School's combined net position as of June 30, 2024 is summarized as follows:

Assets:	2024	2023	Change
Current assets	\$ 57,030	\$ 44,061	\$ 12,969
Total Assets	<u>57,030</u>	<u>44,061</u>	<u>12,969</u>
Liabilities:			
Current liabilities	24,266	11,293	12,973
Total Liabilities	<u>24,266</u>	<u>11,293</u>	<u>12,973</u>
Net position:			
Unrestricted	32,764	32,768	(4)
Total Net Position	<u>\$ 57,030</u>	<u>\$ 44,061</u>	<u>\$ 12,969</u>

The change in current assets is a result of an increase in operating cash due to the current year operating activity. Current liabilities increased due to current year increase in revenues which are used to calculate the administrative fee due to Phoenix Education Network. Total net position slightly increased as a result of the current year operating minor surplus.

Change in Net Position

The School's total revenues exceeded expenses by \$4 in fiscal year 2024—see table below.

	<u>Governmental Activities</u>		
	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenue:			
State and local sources	\$ 2,494,433	1,094,227	1,400,206
Contributions and other revenues	3,000	35,100	(32,100)
Total revenues	<u>2,497,433</u>	<u>1,129,327</u>	<u>1,368,106</u>
Expenses:			
Board	24,974	11,293	13,681
General administration	106,867	52,927	53,940
School administration	2,365,596	1,032,339	1,333,257
Total expenses	<u>2,497,437</u>	<u>1,096,559</u>	<u>1,400,878</u>
Change in net position	<u>\$ (4)</u>	<u>32,768</u>	<u>(32,772)</u>

The change in state and local revenue sources is a result of the increase in student population for 2024. The School ended the year with 297 students, an increase of 167 FTE students from 2023. General and school administrative expenses increased due to the increase in student population. Board expenses increased due to additional professional services.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

The focus of the School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unassigned fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental funds reported a combined fund balance of \$32,764.

General Fund Budgetary Highlights

During the fiscal year, the School made no amendments to its budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; and 3) changes in appropriations that become necessary to maintain services.

In the general fund, budgeted revenues exceeded actual amounts by approximately \$1.3 million. Expenditures were approximately \$1.3 million less than budgeted amounts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2025

Amounts available for appropriation in the general fund are expected to be \$4.3 million for 2025, an increase of approximately \$1.8 million over the actual 2024 amount. The change is due to a budgeted increase in student population as compared to the end of fiscal 2024.

Budgeted expenditures in the general fund are budgeted to be \$2.8 million for 2025. The decrease is due to being more consistent with actual General Administration expenses.

If these estimates are realized, the School's general fund balance is expected to increase in fiscal year ending June 30, 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 3369 Pine Ridge Rd Suite 204, Naples, FL 34109.



Independent Auditor's Report

To the Board of Directors of Optima Education Network, Inc. DBA Optima Classical Academy,
A Charter School and Component Unit of the District
School Board of Collier County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, and the general fund information of Optima Education Network, Inc. DBA Optima Classical Academy (the 'School'), 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, general fund information of the School, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows 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 and budgetary comparison information on pages 1-6 and 23-24 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 August 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 School's internal control over financial reporting and compliance.

McCrady & Associates, PLLC

Altamonte Springs, Florida
August 30, 2024

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Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
District School Board of Collier County, Florida**

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 57,030
Total assets	<u>\$ 57,030</u>
Liabilities	
Accounts payable	\$ 24,266
Total liabilities	<u>24,266</u>
Net Position	
Unrestricted	<u>32,764</u>
Total net position	<u>32,764</u>
Total liabilities and net position	<u>\$ 57,030</u>

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

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
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Statement of Activities

For the Year Ended June 30, 2024

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Board	\$ 24,974	\$ -	\$ -	\$ -	\$ (24,974)	\$ (24,974)
General administration	106,867	-	-	-	(106,867)	(106,867)
School administration	2,365,596	-	-	-	(2,365,596)	(2,365,596)
Total primary government	<u>\$ 2,497,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,497,437)</u>	<u>(2,497,437)</u>
General revenues:						
Federal sources					\$ -	\$ -
State and local sources					2,494,433	2,494,433
Contributions and other revenues					3,000	3,000
Total general revenues					<u>2,497,433</u>	<u>2,497,433</u>
Changes in net position					(4)	(4)
Net position at beginning of year					<u>32,768</u>	<u>32,768</u>
Net position at end of year					<u>\$ 32,764</u>	<u>\$ 32,764</u>

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

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
District School Board of Collier County, Florida**

Balance Sheet - Governmental Funds

June 30, 2023

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 57,030
Total assets	<u>\$ 57,030</u>
Liabilities	
Accounts payable	\$ 24,266
Total liabilities	<u>24,266</u>
Fund Balance	
Spendable:	
Unassigned	<u>32,764</u>
Total fund balance	<u>32,764</u>
Total liabilities and fund balance	<u>\$ 57,030</u>

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

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
District School Board of Collier County, Florida**

**Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds**

For the Year Ended June 30, 2024

	General Fund
Revenues	
State and local sources	\$ 2,494,433
Contributions and other revenues	3,000
Total revenues	<u>2,497,433</u>
Expenditures	
Current:	
Board	24,974
General administration	106,867
School administration	2,365,596
Total expenditures	<u>2,497,437</u>
Net changes in fund balance	(4)
Fund balance at beginning of year	<u>32,768</u>
Fund balance at end of year	<u>\$ 32,764</u>

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

**OPTIMA EDUCATION NETWORK, INC.
DBA OPTIMA CLASSICAL ACADEMY**

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

Notes to Financial Statements

For the Year Ended June 30, 2024

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Optima Education Network, Inc. DBA Optima Classical Academy (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Collier County Florida (the "School Board"). The governing body of the School is the Board of Directors of School, which is composed of at least three members.

Charter Contract

The School operates under a charter effective July 28, 2022 which had an expiration date of June 30, 2027. Upon the expiration of the charter, the School Board may elect 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. However, the School Board may terminate the current charter at any time 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 revert to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the FDOE.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
District School Board of Collier County, Florida**

**Notes to Financial Statements
(continued)**

Program revenues include charges paid by the recipient for goods and services offered by the program, grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following is a major individual governmental fund reported in the fund financial statements:

- General Fund – is the School's primary operating fund that accounts for all financial resources of the school, except those required to be accounted for in another fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reports 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 reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues are recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist of demand deposits with a financial institution.

The School maintains its cash with one financial institution. Cash held at this institution totals approximately \$57,000 at June 30, 2024, which is not in excess of the FDIC insurance limits of \$250,000. The School has not experienced any losses associated with these accounts.

Net Position and Fund Balance Classifications

Government-Wide financial statements

Net Position is classified and reported in three components:

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

Fund financial statements

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

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

**OPTIMA EDUCATION NETWORK, INC.
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**Notes to Financial Statements
(continued)**

- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

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

Revenue Sources

Revenues for operations are provided primarily from the District School Board of Collier County, Florida pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.22, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective Florida Education Finance Program (FEFP) payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

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

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students

**OPTIMA EDUCATION NETWORK, INC.
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**A Charter School and Component Unit of the
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**Notes to Financial Statements
(continued)**

who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2024, the School reported 297 unweighted FTE.

Use of Estimates

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

Recently Issued Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This pronouncement establishes a definition for SBITAs and provides guidance for accounting and financial reporting for transactions that meet that definition. Under this pronouncement, a school is required to recognize an intangible right-to-use subscription asset and corresponding subscription liability, thereby enhancing the relevance and consistency of information about a school's activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The original effective implementation date was reporting periods beginning after June 15, 2021. However, GASB Statement No. 95 postponed the implementation of this statement to be effective for reporting beginning after June 15, 2022. Currently, the School is not engaged in any software subscription services but is aware of the adoption of this Statement.

2 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

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DBA OPTIMA CLASSICAL ACADEMY**

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District School Board of Collier County, Florida**

**Notes to Financial Statements
(continued)**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable level 1 or 2 inputs are not available.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts payable, and other short term assets and liabilities. For these financial instruments (level 1), carrying values approximate fair value because of the short maturity of these instruments.

3 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

District School Board of Collier County, Florida:

Florida Education Finance Program	\$ 1,485,782
Discretionary local effort	644,421
Referendum – Capital	347,642
Reading allocation	<u>16,658</u>
Total	<u>\$ 2,494,433</u>

The administrative fee paid to the School Board during the year ended June 30, 2024 totaled approximately \$107,000 which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund – governmental funds.

4 AGREEMENT WITH SERVICE PROVIDER

The School entered into a contractual agreement on October 11, 2022 with OptimaEd, LLC. ("Service Provider"), a Florida Limited Liability Company. The term of the agreement is for one year, expiring on June 30, 2024. The agreement will automatically renew and shall be extended for terms of one year unless one party provides 180 day written notice of termination. Under the terms of the agreement, the School shall pay a monthly service fee to the Service provider equal to the total sum of federal, state and local funds, less the Administration Fee.

In return for the fees, OptimaEd shall be responsible for operating their virtual instruction program personnel oversight, technology, finance, administration, and marketing functions of the School.

**OPTIMA EDUCATION NETWORK, INC.
DBA OPTIMA CLASSICAL ACADEMY**

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

**Notes to Financial Statements
(continued)**

For the year ended June 30, 2024, the Service Provider supplied to the School its resources and services as outlined in the contract. The School incurred service fees of approximately \$2.1 million that are reflected as a General and Administrative and School Administration expense/expenditure in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances-governmental funds. There are no service fees payable outstanding at the end of the year.

The school is required to have a relationship with a Virtual Instruction Provider as an online school. This relationship is encompassed within the Service Provider Agreement. OptimaEd, LLC, administers enrollment for the Virtual Instruction Program.

5 RELATED PARTIES

Classical Education Network (CEN) is the overall not for profit with individual charter schools. The School was related to Classical Education Network dba Optima Classical Academy at Estero and Classical Education Network dba Optima Classical Academy at Gladiolus by a common Board of Directors, but each have separate charters and separate sponsors (counties).

As of May 2024, Optima Classical Academy (OCA)'s charter was transferred out of the CEN to Optima Education Network (OEN) with the approval of both Collier County Public Schools and their Board of Directors. The OCA is the only entity in OEN.

6 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

7 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 collectability of any related receivable at year end may be impaired.

**OPTIMA EDUCATION NETWORK, INC.
DBA OPTIMA CLASSICAL ACADEMY**

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

**Notes to Financial Statements
(continued)**

Management believes 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. If necessary, the School retains legal representation to address any such legal matters or proceedings. Legal activities during this fiscal year involved the review of contracts. In the opinion of management and the School, if there are ongoing legal actions or proceedings, the ultimate resolution of such legal matters should not have a significant adverse effect on the accompanying financial statements.

8 INCOME TAXES

The School, was under a dba for CEN, and qualified as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and was therefore, exempt from income taxes. Optima Education Network's (OEN) 1023 is pending with the IRS. It was submitted on April, 23, 2024. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements.

9 SUBSEQUENT EVENTS

The School has adopted guidance that requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through August 30, 2024, which is the date the financial statements were available to be issued.

**OPTIMA EDUCATION NETWORK, INC.
DBA OPTIMA CLASSICAL ACADEMY ONLINE**

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

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 3,801,700	\$ 3,801,700	\$ 2,494,433	\$ (1,307,267)
Contributions and other revenue	-	-	3,000	3,000
Total revenues	<u>3,801,700</u>	<u>3,801,700</u>	<u>2,497,433</u>	<u>(1,304,267)</u>
EXPENDITURES				
Current:				
Board	34,417	34,417	24,974	(9,443)
General administration	107,553	107,553	106,867	(686)
School administration	3,659,730	3,659,730	2,365,596	(1,294,134)
Total expenditures	<u>3,801,700</u>	<u>3,801,700</u>	<u>2,497,437</u>	<u>(1,304,263)</u>
Net change in fund balance	-	-	(4)	(4)
Fund balance at beginning of year	<u>32,768</u>	<u>32,768</u>	<u>32,768</u>	<u>-</u>
Fund balance at end of year	<u>\$ 32,768</u>	<u>\$ 32,768</u>	<u>\$ 32,764</u>	<u>\$ (4)</u>

See report of independent auditors.



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**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 Optima Education Network, Inc. DBA Optima Classical Academy
A Charter School and Component Unit of the District
School Board of Collier 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, the business-type activities, the aggregate discretely presented component units and the general fund information of Optima Education Network, Inc. DBA Optima Classical Academy (the “School”), 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 August 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. 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.

McCrary & Associates, PLLC

Altamonte Springs, Florida
August 30, 2024

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McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of Optima Education Network, Inc. DBA Optima Classical Academy, a
Charter School and Component Unit
of the District School Board of Collier County, Florida

Report on the Financial Statements

We have audited the financial statements of Optima Education Network, Inc. DBA Optima Classical Academy (the "School") as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated August 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, if applicable, which is dated, August 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. This is the second year of operations.

Official Title

Section 10.854(1)(e)5. Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Optima Education Network, Inc. DBA Optima Classical Academy. The School code is 9040.

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.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note such findings nor did the school or management represent 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 Collier County and is not intended to be and should not be used by anyone other than these specified parties.

McCrary & Associates, PLLC

Altamonte Springs, Florida
August 30, 2024

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