

THE MALONEY FOUNDATION, INC.

d/b/a

DREAM ACADEMY SCHOOLS, 9366

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

JULY 1, 2021 TO JUNE 30, 2022



ROBINSON
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Eric W. Robinson, C.P.A. .

• Joe Gruters, C.P.A.

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• Kelly Jones, C.P.A.

Independent Accountant's Report on Applying Agreed-Upon Procedures for 2021-2022 School Year

To Step Up For Students Scholarship Funding Organization:

We have performed the procedures enumerated below, which were agreed to by Step Up For Students Scholarship Funding Organization, solely to assist the specified parties in evaluating The Maloney Foundation, Inc. d/b/a Dream Academy Schools' ("the School") compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2022. The School's management is responsible for compliance with those requirements.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of solely assisting the specific parties in evaluating the School's compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the school to perform this agreed-upon procedures engagement and conduct our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the requirements of Florida Statute 1002.421(1)(q) during the school year ended June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed upon procedures engagement.

This report is intended solely for the information and use of the Step Up for Students, Florida Department of Education and the School's management, is not intended to be, and should not be used by anyone other than these specific parties.

Robinson Gruters & Roberts CPAs, PA.

Robinson, Gruters & Roberts, CPAs, P.A.

Venice, Florida

September 8, 2022

CPA's Name:

Joe Gruters

CPA Firm Name:

Robinson, Gruters & Roberts, CPAs, P.A.

CPA's Email Address:

Joe@RobinsonGruters.com

CPA's phone number:

(941) 488-7794

School Name: Dream Academy Schools
DOE Number: 9366

<p>SECTION I: DOE Compliance Letter</p> <p>School Eligibility Obtain and include the compliance letter or other proof of eligibility from the Florida Department of Education and determine whether the proof of eligibility covers Fiscal Year 2021-2022 to which the AUPs are being performed. <i>(FYI: The school can sign in and print this information from the DOE website located at http://www.fldoe.org/schools/school-choice/.)</i> Did the school provide a copy of the DOE Compliance letter for the correct school year? If not, this is a Material Exception.</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>Yes</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Not provided- This is a Material Exception</td> </tr> </table> <p style="text-align: center;">Attach a copy of Compliance Letter to the report</p>	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	Not provided- This is a Material Exception
<input checked="" type="checkbox"/>	Yes				
<input type="checkbox"/>	Not provided- This is a Material Exception				
<p>SECTION II: Adequate Accounting System</p> <p>A. Software Name</p> <p>Identify and provide the name of the accounting software or systems used to maintain the school's financial records.</p>	<p>The school uses GnuCash for their accounting software. Student Accounts are maintained using Excel spreadsheets.</p>				
<p>B. Adequate System</p> <p>Does the accounting software or systems being used allow the school to record financial transactions conducted by the school including deposits and disbursements in a complete and self-balancing accounting system and is it capable of generating a trial balance, financial statements, and other sub-ledger reports?</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>Yes</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>No - This is a Material Exception</td> </tr> </table>	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No - This is a Material Exception
<input checked="" type="checkbox"/>	Yes				
<input type="checkbox"/>	No - This is a Material Exception				
<p>C. Student Accounts</p> <p>Are student accounts maintained and regularly reconciled to the general ledger?</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Yes</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>No - This is a Material Exception</td> </tr> </table>	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No - This is a Material Exception
<input type="checkbox"/>	Yes				
<input checked="" type="checkbox"/>	No - This is a Material Exception				
<p>SECTION III: Adequate System of Financial Controls</p> <p>A.1 Cash Balances</p> <p>Are the Scholarship Funds held at a bank or credit union that is insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA)? If not, this is a Reportable Exception</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>Yes</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>No - This is a Reportable Exception</td> </tr> </table>	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No - This is a Reportable Exception
<input checked="" type="checkbox"/>	Yes				
<input type="checkbox"/>	No - This is a Reportable Exception				

<p>SECTION III: cont.</p> <p>A.2. Bank Balances</p> <p>Examine three months' statements (including the Fiscal year-end statement, <u>June 2022</u>) for all banks and investment accounts holding Scholarship Funds.</p>	<p>List 3 Months Reviewed:</p> <div style="border: 1px solid black; padding: 5px;"> <p>October 2021</p> <p>November 2021</p> <p>June 2022</p> </div>
<p>Determine if the <u>average</u> daily account balance exceeded the FDIC limit of \$250,000 during the month's statements being inspected. If the FDIC limit is exceeded, inspect, and attach the documentation indicating that the school annually reviews the bank's rating by a reputable ratings provider, which may include, but is not limited to Bauer Financial, Fitch, Moody's, Standard and Poor's;</p> <p>a. If the rating is lower than the top two ratings on the scale, report as a Reportable Exception. b. If the school took no such action to protect the Scholarship Funds, report as a Reportable Exception</p>	<p><input checked="" type="checkbox"/> No – FDIC limit was not exceeded</p> <p><input type="checkbox"/> Yes - FDIC limit exceeded</p> <p><input type="checkbox"/> Rating is in top two of the scale</p> <p><input type="checkbox"/> Rating is lower than the top two or school took no action- This is a Reportable Exception</p> <p style="text-align: right;">* Attach Bank Rating to the report if used</p>
<p>B.1 Non-School Expenses</p> <p>Scan the school's general ledger and inquire if another organization's (i.e., affiliated church or other school) expenses are disbursed from the school's bank account.</p>	<p><input checked="" type="checkbox"/> NA- There are no shared or non-school expenses. Proceed to C.1 Internal Controls</p> <p><input type="checkbox"/> Yes – There are shared and/or non-school expenses</p>
<p>B.2 Non-School Sample</p> <p>Select a sample of 5 expenses from the other organization(s) and determine whether they are being identified and reported separately from school expenses</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No - This is a Material Exception</p>
<p>C.1 Internal Controls</p> <p>Does the school have written policies or standard practices to establish proper financial controls including segregation of duties and are the policies consistently followed for:</p> <ul style="list-style-type: none"> i. Cash Receipts; ii. Capital Expenditures; iii. Payroll –including time and attendance, calculations, pay rate and deduction changes; iv. Operating Expenditures v. Shared Expenses 	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No – This is a Material Exception</p>

<p>C.2 Standard Practices In the absence of written policies, briefly describe the standard practices used to establish proper financial controls over the transactions listed in C.1.</p>	<p>The school has written policies.</p>
<p>D.1 Bank Reconciliations Using the bank statements previously inspected, are reconciliations of all bank accounts holding scholarship funds completed within 60 days of each month end? If not, this is a Material Exception.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – This is a Material Exception</p>
<p>D.2 Bank Reconciliation Review Are the bank statements independently reviewed by the school's management and are reconciling items resolved prior to the bank's deadline for reporting errors? If not, this is a Material Exception.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No - This is a Material Exception</p>
<p>E.1 Budget Was the annual budget prepared and approved by the school's governing body before the start of the fiscal year beginning July 1st?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – This is a Reportable Exception</p>
<p>E.2 Budget Review Were actual results periodically reviewed in comparison to budgeted amounts and reported to the school's governing body at least twice annually?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – This is a Reportable Exception</p>
<p>E.3 Budget Verification Can adherence to budget approval and review of actual results be verified by inspection of the financial sections of minutes of the meetings of the school's governing body or other documentation that occurred during the current school year, and those immediately preceding it?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – This is a Reportable Exception</p>

SECTION IV: Adequate Process for Deposit & Classification of Scholarship Funds
A. Scholarship Funds Received as Checks

Does the school receive Scholarship funds as Checks?

 Obtain the SFOs' or the Department's Check Cashing Policies (the "Check Cashing Policies") and inquire if the school is following the Check Cashing Policies and complying with section 1002.395 (11)(b) F.S.

Yes
 No – Proceed to B.2 – Electronic Payments

A.1 Check Sample
 From the scholarship payments received as checks, select a sample of 10 Scholarship students or 5% (whichever is greater). The sample should include at least 2 students from each scholarship program the school received checks. (or one if only one student participates in a program).

<i>Program</i>	<i>Sample Size</i>
FTC-AAA	
FES-EO-AAA	
MCKAY	10
Total	10

A.2 Check Endorsements
 Determine whether the parent or guardian's endorsement is reasonably similar to the signature in the student's school file of the named payee or of their power of attorney (granted to a person that is not related to the school)

Yes
 No - This is a Material Exception

A.3 Checks Properly Posted
 Are the sampled scholarship funds classified in the general ledger as tuition, books and fees payments and recorded to the corresponding general ledger bank account?

Yes
 No - This is a Material Exception

Were the funds posted to each student's tuition account/statement?

Yes
 No - This is a Material Exception

Were checks deposited into the school's bank accounts?

Yes
 No - This is a Material Exception

B. ACH/ Electronic Funds
 Did the school receive scholarship payments electronically?

 Obtain and document the total number of scholarships received from ACH/electronic funds.

Yes No

<i>Program</i>	<i>Number of Scholarships</i>
FTC	31
FES-EO	28
FES-UA	4
FES-UA AAA	
HOPE	1
Total	64

B.1 ACH/Electronic Funds Sample

From the scholarships received electronically, select a sample of 10 Scholarship students or 5% (whichever is greater). The sample should include at least 2 students from each scholarship program receiving electronic funds (or one if only one student participates in a program).

<i>Program</i>	<i>Sample Size</i>
FTC	4
FES-EO	3
FES-UA	2
HOPE	1
McKay	
Total	10

B.2 ACH/Electronic Funds Posting

Were the sampled students' scholarship payments recorded and classified in the general ledger as tuition, books and fees payments and the corresponding general ledger bank account?

Yes
 No – This is a Material Exception

B.3. Student Account Posting

Were the electronic funds posted to each student's tuition account/statement?

Yes
 No – This is a Material Exception

B.4. AAA _Payment Received Form

For electronic funds received from AAA, determine whether the parent or guardian endorsement on the Payment Received Form is reasonably similar to the signature of the named payee on file with the school.

Yes
 No – This is a Material Exception
 N/A – There are no AAA electronic payments

Total Scholarship Funds received

Obtain and document the total of all Scholarship funds received for students attending the school.

<i>Program</i>	<i>Total Dollars per Scholarships Program</i>
FTC	\$ 287,010
FES-EO	260,773
FES-UA	34,300
McKay	334,353
HOPE	6,407
Total	\$ 922,843

SECTION V Education-Related Expenses B.

B. By scanning the general ledger, identify and prepare a list of all Education-Related Expenses for the entire school by category for the Fiscal Year (July 1 to June 30). Enter or attach a summarized list.

Education-Related Expenses paid with previously "carried forward" funds may not be counted as Education-Related Expenses for the current Fiscal Year. **See Appendix 1.**

Education-Related Expense categories include but are not limited to school-related personnel expenses, curriculum, classroom technology, building expenses (rent, mortgage interest, property taxes, insurance and maintenance costs associated with the school facilities), administration expenses and classroom instructional resources. Do not include extracurricular activity expenses, such as non-educational related field trips, after-school athletics, events, or transportation to and from those events, etc.

Payroll	\$ 649,707
Payroll Benefits and taxes	105,920
Instructional Supplies and Equipment	10,723
Office and Administration	110,410
Facilities expenses	<u>71,855</u>
Total	<u>\$ 948,615</u>

B. Funds vs Expenses

Are the school's total education-related expenses greater than the total combined scholarship funds received?

If funds received exceed the total education-related expenses and are not returned, the school must prepare a detailed list of Education-Related Expenses that are (or will be) funded in the subsequent year with the expected date of use. Include the school prepared list with the AUP Report.

X	Yes
	No – This is a Material Exception

C. Expense Sample

Using the list developed in V.A select a sample of Education-Related Expenditures incurred during the Fiscal Year using the table below to determine sample size.

Value of Total Education-Related Expenditures		
From	To	Sample Size
\$ 250,000	\$ 500,000	30
\$ 500,001	\$ 750,000	45
\$ 750,001	\$ 750,001+	60

The sample should include capital expenditures, operating expenditures, and payroll by at least 10% of the number of items selected.
taken based on the total combined education-related expenses.

Sample Size: 60

Combined Expenses: When multiple schools are managed by a single system and cannot be identified separately in the general ledger, a separate sample for each school should be

C. Expense Samples (cont.)

For each item sampled, scan supporting documentation. Was each expenditure:

- education related
- properly authorized in accordance with the policies identified
- properly classified in the general ledger; and
- paid timely and accurately from the school's bank account(s)?

- For this purpose, paid timely means no more than 10% of the sample size was paid greater than 30 days after the due date.

- For payroll expenditures sampled, re-calculate pay based on corresponding time and attendance, pay rate and deductions records properly authorized in accordance with the policies identified.

Yes

No – This is a Material Exception

SECTION VI Other Procedures

A. Tuition & Fees

Obtain a copy of the tuition & fees schedule for the school year being tested. Select a sample of 10 students or 5% (whichever is greater) of the total number of scholarships.

Are the tuition and fees charged consistent with the tuition and fees for non-scholarship students?

Yes

No – This is a Material Exception

B. Operating Term

Obtain the school's calendar. Is the school's operating term (school year) consistent with State Board of Education Rule 6A-1.09512 of at least 170 actual school days and 540 net instructional hours for students in kindergarten, 720 net instructional hours for students in grades 1-3, and 900 net instructional hours for students in grades 4-12?

Yes

No – This is a Material Exception

C. Attendance Policy

Does the school have an attendance policy and is the school maintaining attendance records?

Yes

No – This is a Material Exception

D. Attendance Records Verification

Using the sample selected above, observe the attendance records for each selected student. Do the attendance records meet the school's attendance policy?

X

Yes
No – This is a Material Exception

E. Physical Verification

Without advance notice to the school of the sample of students, select 10 students from the Scholarship payment history and observe the students' presence in school that day. The sample should include at least 2 students (or one if only one student participating in a given program attends the school) from each Scholarship program in which the school participates.

If the student is not present, was the student listed as absent on the school's attendance record.

** This procedure must be done before the end of the fiscal year under review.*

X

Yes
No – This is a Material Exception



State Board of Education

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E-MAILED
6/23/2021

6/10/2021

DREAM ACADEMY SCHOOLS (9366)
Attn: JAMES MALONEY
5622 MARINE PARKWAY
NEW PORT RICHEY, FL 34652

RE: DREAM ACADEMY SCHOOLS (9366)

Dear Private School Administrator:

The Office of Independent Education and Parental Choice has received your compliance paperwork for the 2021 - 2022 school year.

The documentation has been reviewed, and the paperwork attests to the fact that you are maintaining compliance with the requirements governing the state scholarship programs (McKay, Florida Tax Credit, Florida Empowerment, Gardiner, and/or Hope) and s. 1002.42, Florida Statutes, related to private schools.

Your cooperation is greatly appreciated, and we look forward to working with you as we strive to increase the quantity and improve the quality of educational options for Florida's students.

Sincerely,

Dakeyan C. Graham, Ph. D.
Executive Director
Office of Independent Education and Parental Choice

Dakeyan C. Graham, Ph. D. Executive Director
Office of Independent Education & Parental Choice