

***SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.***  
***A Charter School and Component Unit of the***  
***District School Board of Broward County, Florida***

***BASIC FINANCIAL STATEMENTS AND***  
***SUPPLEMENTAL INFORMATION***

***Year Ended June 30, 2018***

**Sunshine Elementary Charter School, Inc.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sunshine Elementary Charter School, Inc.  
*A Charter School and Component Unit of the  
District School Board of Broward County, Florida*  
Hollywood, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sunshine Elementary Charter School, Inc. ("SEC"), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprises Sunshine Elementary Charter School, Inc.'s basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

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 SEC, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***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 3 - 6 and 21 - 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or 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 27, 2018, on our consideration of SEC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SEC's internal control over financial reporting and compliance.

*Infante & Company*

Hollywood, FL  
September 27, 2018

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018**

Our discussion and analysis of the Sunshine Elementary Charter School, Inc.'s ("SEC") financial program provides an overview of SEC's financial activities for the year ended June 30, 2018.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with SEC's financial statements which begin on page 7.

For financial statement purposes, SEC is considered a component unit of the District School Board of Broward County, Florida, which is a primary government entity for financial reporting. SEC has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of SEC by providing information on inflows and outflows of spendable resources, while the Statement of Net Assets and the Statement of Activities provide information on the activities of SEC.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of SEC's financial position. Included in these statements are all assets and liabilities using the accrual method of accounting. All of the current year's revenues and expenses are recorded when received.

*The Statement of Net Position* presents information on all of SEC's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SEC is improving or deteriorating.

*The Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

### ***Fund Financial Statements***

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

*Governmental Funds* - All of SEC's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the SEC's governmental activities and the basic services it provides.

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

*Notes to the Financial Statements*

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 13-20 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of SEC's financial position. SEC's assets exceeded liabilities by \$682,987 and \$632,618 at June 30, 2018 and June 30, 2017, respectively.

**NET POSITION**

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Current assets	\$ 709,468	\$ 700,848	\$ 8,620
Capital assets	<u>134,234</u>	<u>85,135</u>	<u>49,099</u>
Total assets	<u>\$ 843,702</u>	<u>\$ 785,983</u>	<u>\$ 57,719</u>
Current liabilities	<u>160,715</u>	<u>\$ 153,365</u>	<u>\$ 7,350</u>
Total liabilities	<u>160,715</u>	<u>153,365</u>	<u>7,350</u>
Net position			
Investment in capital assets	134,234	85,135	49,099
Unrestricted	527,895	512,310	(19,588)
Restricted	<u>20,858</u>	<u>35,173</u>	<u>(14,315)</u>
Total net position	<u>682,987</u>	<u>632,618</u>	<u>15,196</u>
Total liabilities and net position	<u>\$ 843,702</u>	<u>\$ 785,983</u>	<u>\$ 57,719</u>

SEC invested approximately \$90,000 in capital assets during the year while incurring depreciation expense of approximately \$40,000.

Revenues for governmental activities totaled \$2,923,759 and \$2,884,388 for the years ended June 30, 2018 and 2017, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 75% and 75% for 2018 and 2017 of total revenue, respectively. The Federal Lunch Program allows for breakfast and lunch for the students and is the major component of federal funds received.

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

<u>Revenue Source</u>	<u>2018</u>	<u>2017</u>	<u>Variance</u>
State passed through local school	\$ 2,381,562	\$2,326,714	\$ 54,848
Federal passed through local schools	440,618	464,365	(23,747)
Other revenue	<u>101,579</u>	<u>93,310</u>	<u>8,270</u>
Total	<u>\$ 2,923,759</u>	<u>\$2,884,389</u>	<u>\$ 39,371</u>

Expenses for major functions of SEC are shown in the following table:

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Instruction	\$ 1,252,182	\$ 1,132,595	\$ 119,587
Pupil personnel services	32,409	27,119	5,290
Instructional media services	-	3,358	(3,358)
Instruction and curriculum development services	53,492	68,048	(14,556)
Instructional related technology	8,888	4,470	4,418
Board expenses	143,248	139,629	3,619
School administration	263,746	243,090	20,656
Facilities acquisition & construction	357,008	345,191	11,817
Fiscal services	82,528	78,922	3,606
Food services	266,900	277,130	(10,230)
Pupil transportation	104,556	102,155	2,401
Operation of plant	230,499	222,218	8,281
Maintenance of plant	34,228	33,895	333
Community services	<u>43,706</u>	<u>26,069</u>	<u>17,637</u>
Totals	<u>\$ 2,873,390</u>	<u>\$ 2,703,889</u>	<u>\$ 169,501</u>

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Revenues	\$ 2,923,759	\$ 2,884,389	\$ 39,370
Expenditures	<u>(2,922,489)</u>	<u>(2,685,944)</u>	<u>(236,545)</u>
Change in fund balance	<u>\$ 1,270</u>	<u>\$ 198,445</u>	<u>\$ 197,175</u>

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**FUND FINANCIAL ANALYSIS - continued**

Fund balance, beginning of year	<u>\$ 547,483</u>	<u>\$ 349,038</u>	<u>\$ 198,444</u>
Fund balance, end of year	<u>\$ 548,753</u>	<u>\$ 547,483</u>	<u>\$ 1,270</u>

**CURRENT YEAR VS PRIOR YEAR RESULTS – FUND BASIS**

The 2017 – 2018 school year was the twelfth year that SEC enrolled students. Total revenue was \$2,923,759 and \$2,884,389 for the years ended June 30, 2018 and 2017, respectively. The increase in revenue was the result of the school receiving an increase in FEFP funding, an increase in capital outlay funds and a decrease in the federal lunch program revenue. Total expenses were \$2,922,489 and \$2,685,944 for the years ended June 30, 2018 and 2017, respectively. The increase in expenses is primarily attributable to an increase in basic instruction costs as well as improvements made to the School. For the year ended June 30, 2018, the federal lunch program expenses exceeded revenues by approximately \$15,000 and that amount will be recorded as a reduction in the assigned fund balance at June 30, 2018.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenue was \$60,560 less than budgeted as SEC anticipated additional FEFP funds than what was actually received in the fiscal year ended June 30, 2018 for approximately \$100,000. In addition, SEC received approximately \$40,000 more in capital outlay funding than budgeted for.

As SEC anticipated receiving more FEFP funds, it anticipated a higher instruction cost by approximately \$49,000 more than the actual expenses. The majority of the other variances between the various functions were not considered material to discuss.

**PROSPECTS FOR THE FUTURE**

SEC is currently enrolled at capacity and SEC management is in negotiations to purchase its current location which will enable it to accommodate more students.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Sunshine Elementary Charter School, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sunshine Elementary Charter School, Inc., 502 N. 28 Avenue, Hollywood, Florida 33020.



**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Statement of Net Position**  
**June 30, 2018**

		Governmental Activities
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	646,435
Prepaid expenses		52,526
Accounts receivable		10,507
Total current assets		709,468
<b>CAPITAL ASSETS</b>		
Capital Assets, Net of Accumulated Depreciation		
Furniture, fixtures and equipment		134,234
Total capital assets		134,234
Total assets	\$	843,702
<b>LIABILITES AND NET POSITION</b>		
<b>LIABILITES</b>		
Salaries and wages payable	\$	134,335
Accounts payable		26,380
Due to other agencies		-
Total liabilities		160,715
<b>NET POSITION</b>		
Investment in Capital Assets		134,234
Unrestricted		527,895
Restricted		20,858
Total net position		682,987
Total liabilities and net position	\$	843,702

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

**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 1,252,182	\$ -	\$ 141,878	\$ -	\$ (1,110,304)
Pupil personnel services	32,409	-	-	-	(32,409)
Instructional media services		-	-	-	-
Instruction and curriculum development services	53,492	-	42,822	-	(10,670)
Instructional staff training	-	-	-	-	-
Instructional related technology	8,888	-	-	-	(8,888)
Board expenses	143,248	-	-	-	(143,248)
School administration	263,746	-	-	-	(263,746)
Facilities acquisition & construction	357,008	-	-	138,615	(218,393)
Fiscal services	82,528	-	-	-	(82,528)
Food services	266,900	-	255,918	-	(10,982)
Pupil transportation	104,556	-	-	-	(104,556)
Operation of plant	230,499	-	-	-	(230,499)
Maintenance of plant	34,228	-	-	-	(34,228)
Community services	43,706	-	-	-	(43,706)
Total governmental activities	\$ 2,873,390	\$ -	\$ 440,618	\$ 138,615	(2,294,157)
			General Revenues		
			State through local school district		2,242,947
			Investment earnings		-
			Miscellaneous revenues		101,579
			Total General Revenues		2,344,526
			Change in net position		50,369
			Net position, July 1, 2017		632,618
			Net position, June 30, 2018	\$	682,987

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

**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Balance Sheet - Governmental Funds**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash	\$ 646,435	\$ -	\$ 646,435
Due from funds	10,507	25,711	36,218
Prepaid expenses	52,526	-	52,526
Accounts receivable	5,526	4,981	10,507
Total Assets	\$ 714,994	\$ 30,692	\$ 745,686
<b>LIABILITIES</b>			
Salaries and wages payable	\$ 134,161	\$ 174	\$ 134,335
Accounts payable	21,701	4,679	26,380
Due to funds	31,237	4,981	36,218
Due to other agencies	-	-	-
Total Liabilities	187,099	9,834	196,933
<b>FUND BALANCES</b>			
Nonspendable	52,526	-	52,526
Restricted	-	-	-
Committed	-	-	-
Assigned	-	20,858	20,858
Unassigned	475,369	-	475,369
Total Fund Balances	527,895	20,858	548,753
Total Liabilities and Fund Balances	\$ 714,994	\$ 30,692	\$ 745,686

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

**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2018**

Fund Balance - Governmental Funds	\$	548,753
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$	284,518	
Less accumulated depreciation		<u>(150,284)</u>	
			<u>134,234</u>

Net Position of Governmental Activities	\$	<u><u>682,987</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Total
<b>REVENUES</b>			
Federal passed through local school district	\$ -	\$ 440,618	\$ 440,618
State passed through local school district	2,381,562	-	2,381,562
Interest income	-	-	-
Other revenue	101,579	-	101,579
<b>TOTAL REVENUES</b>	2,483,141	440,618	2,923,759
<b>EXPENDITURES/EXPENSES</b>			
Instruction	1,087,010	141,878	1,228,888
Pupil personnel services	32,409	-	32,409
Instructional media services	-	-	-
Instruction and curriculum development services	10,670	42,822	53,492
Instructional staff training	-	-	-
Instructional related technology	8,888	-	8,888
Board expenses	143,248	-	143,248
School administration	264,162	-	264,162
Facilities acquisition & construction	422,776	-	422,776
Fiscal services	82,528	-	82,528
Food services	-	270,697	270,697
Pupil transportation	104,556	-	104,556
Operation of plant	232,911	-	232,911
Maintenance of plant	34,228	-	34,228
Community services	43,706	-	43,706
Total expenditures	2,467,092	455,397	2,922,489
Revenues over Expenses	16,049	(14,779)	1,270
<b>Other Financing Sources</b>			
Transfers in	-	464	464
Transfers out	(464)	-	(464)
Total Other Financing Sources	(464)	464	-
Net Change in Fund Balance	15,585	(14,315)	1,270
Fund balances, July 1, 2017	512,310	35,173	547,483
Fund balances, June 30, 2018	\$ 527,895	\$ 20,858	\$ 548,753

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

**Sunshine Elementary Charter School, Inc.  
A Charter School and Component Unit of the  
District School Board of Broward County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2018**

Net Change in fund balances - governmental funds	\$	1,270
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$	88,745	
Less current year depreciation		<u>(39,646)</u>	<u>49,099</u>
Change in Net Position of Governmental Activities	\$		<u><u>50,369</u></u>

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

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Sunshine Elementary Charter School, Inc. (“SEC”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the District School Board of Broward County, Florida (“the District”). Under the Contract, SEC provides an elementary school education to children who reside in Broward County. The governing body of SEC is the Board of Directors.

The general operating authority of SEC is under Florida Statutes 228.056(7) as a Charter School Contract with the District School Board of Broward County, Florida. Under the Charter, SEC provides education to children from kindergarten through the fifth grade in Broward County. The Contract was extended and is now effective through June 30, 2021.

Criteria for determining if other entities are potential component units which should be reported within SEC’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which SEC is financially accountable and other organizations for which the nature and significance of their relationship with SEC are such that exclusion would cause SEC’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of SEC. SEC is a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of SEC. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as SEC does not engage in any business type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs SEC has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and it establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of SEC's highest level of decision-making authority. Commitments may be changed or lifted only by SEC taking the same formal action that imposed the constraint originally.
- Assigned fund balance - comprises amounts intended to be used by SEC for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.



**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

Separate fund financial statements report detailed information about SEC's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of SEC's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government - wide presentation.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

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

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. SEC reports the following major governmental funds:

General Fund — the general operating fund of SEC. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes such as Title I, IDEA funds and the National Federal Lunch Program.

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

SEC has a revenue spending policy that provides policy for programs with multiple revenue sources. The board of directors will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The board of directors has the authority to deviate from this policy if it is in the best interest of the school.

4. Budgetary basis of accounting

SEC’s annual budgets are adopted for the entire operations for SEC and may be amended by the Board of Directors (the “Board”). Since the budgetary basis differs from generally accepted accounting principles (“GAAP”), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

5. Cash

Cash is made up of cash on hand at SEC and/or checking accounts held at a financial institution.

6. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by SEC as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2018, SEC recorded net capital assets of \$134,233.

Property, plant and equipment of SEC are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Improvements other than building	20
Computer equipment	3
Furniture, fixture and equipment	6-7

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

6. Capital assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to SEC pursuant to the funding provisions included in SEC's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, SEC reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for SEC is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by SEC during designated FTE student survey periods.

SEC receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

8. Use of estimates

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

9. Income taxes

SEC is a non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

SEC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. SEC's federal income tax returns for 2016-2018 remain subject to examination by major tax jurisdictions.

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE B - CONCENTRATIONS**

1. Revenue sources

As stated in Note A-7, SEC receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
State funding through local district	\$ 2,381,562
Federal passed through local district	440,618
Other	<u>101,579</u>
	<u>\$ 2,923,759</u>

2. Cash

Under Chapter 280, Florida Statutes, SEC's deposits must be placed in banks and savings and loans which are qualified as public depositories. SEC maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2018, there were no uninsured deposit balances.

**NOTE C – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance at June 30, <u>2017</u>	<u>Additions</u>	Adjustments and <u>Deletions</u>	Balance at June 30, <u>2018</u>
Capital assets depreciated:				
Buildings and equipment	\$ 48,455	\$ 74,956	\$ -	\$ 123,411
Computer equipment	115,448	1,573	-	117,021
Furniture, fixtures and equipment	<u>31,871</u>	<u>12,216</u>	-	<u>44,087</u>
Total assets depreciated	<u>\$ 195,774</u>	<u>\$ 88,745</u>	<u>\$ -</u>	<u>\$ 284,519</u>

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE C – CAPITAL ASSETS (continued)**

Less Accumulated depreciation				
Building and equipment	\$ 9,303	\$ 9,188	\$ -	\$ 18,491
Computer equipment	80,328	24,923	-	105,251
Furniture, fixtures and equipment	<u>21,009</u>	<u>5,535</u>	<u>-</u>	<u>26,544</u>
 Total assets depreciated	 \$ 110,640	 \$ 39,646	 \$ -	 \$ 150,286
 Total governmental activities				
Capital assets, net				<u>\$ 134,233</u>

Depreciation expense of \$39,646 was charged between the instruction, food services, administration, facilities and acquisition and plant operation functions for the year ended June 30, 2018.

**NOTE D - COMMITMENTS**

On January 1, 2012, SEC signed a non-cancelable operating lease with another charter school effective July 1, 2012 for a new facility. In April 2013, the lease was amended to extend the term to 15 years commencing August 1, 2013 with static increases in 2014 and 2015 followed by increases of 2% annually starting in 2016. Based on current student count, SEC is responsible for 70% of the total rent shared by the two schools. In addition, SEC leases a copier. Rent expense for the year ended June 30, 2018 was \$341,626.

Future minimum lease payments required under the lease agreements are approximately as follows:

June 30:	
2019	\$ 341,116
2020	347,824
2021	351,816
2022	355,945
2023	363,064
Thereafter	<u>1,927,189</u>
Total	\$ 3,686,955

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE E – RELATED PARTY**

As discussed in Note D, SEC shares a facility with another charter school, Paragon Academy of Technology, Inc. (“PAT”). The schools also share certain administrative and maintenance employees, costs to operate the facility and SEC administers the National School Lunch Program for PAT. At June 30, 2018, the total amount owed to PAT for reimbursement of shared costs was \$0.

**NOTE F - RISK MANAGEMENT**

SEC is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. SEC purchases commercial insurance for all material risks of loss to which SEC is exposed, including general liability, property and workers compensation.

SEC did not have any settlements that exceeded insurance coverage for the years ended June 30, 2016 – 2018.

**NOTE G – DATE OF MANAGEMENT’S REVIEW**

Management has evaluated subsequent events through September 27, 2018, which is the date the financial statements became available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**  
**(Unaudited)**

	Original Budget	Final Budget	General Fund	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ -	\$ -	\$ -	\$ -
State passed through local school district	2,471,047	2,471,047	2,381,562	89,485
Interest income	-	-	-	-
Other revenue	72,654	72,654	101,579	(28,925)
<b>Total revenues</b>	<b>2,543,701</b>	<b>2,543,701</b>	<b>2,483,141</b>	<b>60,560</b>
<b>Expenses</b>				
Instruction	1,135,837	1,135,837	1,087,010	48,827
Pupil personnel services	38,968	38,968	32,409	6,559
Instructional media services	3,656	3,656	-	3,656
Instruction and curriculum development services	6,368	6,368	10,670	(4,302)
Instructional staff training	-	-	-	-
Instructional related technology	4,486	4,486	8,888	(4,402)
Board expenses	137,852	137,852	143,248	(5,396)
School administration	284,816	284,816	264,162	20,654
Facilities acquisition & construction	426,264	426,264	422,776	3,488
Fiscal services	79,956	79,956	82,528	(2,572)
Pupil transportation	121,969	121,969	104,556	17,413
Operation of plant	226,775	226,775	232,911	(6,136)
Maintenance of plant	33,356	33,356	34,228	(872)
Community services	23,159	23,159	43,706	(20,547)
<b>Total expenses</b>	<b>2,523,462</b>	<b>2,523,462</b>	<b>2,467,092</b>	<b>56,370</b>
<b>Revenues over Expenditures</b>	<b>20,239</b>	<b>20,239</b>	<b>16,049</b>	<b>4,190</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(464)	464
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>(464)</b>	<b>464</b>
Fund Balance, July 1, 2017	512,310	\$ 512,310	\$ 512,310	-
Fund Balance, June 30, 2018	\$ 532,549	\$ 532,549	\$ 527,895	\$ 4,654

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



**Sunshine Elementary Charter School, Inc.**  
**A Charter School and Component Unit of the**  
**District School Board of Broward County, Florida**

**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balances - Budget and Actual**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2018**  
**(Unaudited)**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ 295,780	\$ 295,780	\$ 440,618	\$ (144,838)
State passed through local school district	5,376	5,376	-	5,376
Interest income	-	-	-	-
Other revenue	32	32	-	32
Total revenues	301,188	301,188	440,618	(139,430)
<b>Expenses</b>				
Instruction	-	-	141,878	(141,878)
Pupil personnel services	-	-	-	-
Instructional media services	-	-	-	-
Instruction and curriculum development services	-	-	42,822	(42,822)
Instructional staff training	-	-	-	-
Instructional related technology	-	-	-	-
Board expenses	-	-	-	-
School administration	-	-	-	-
Facilities acquisition & construction	-	-	-	-
Fiscal services	-	-	-	-
Food services	295,087	295,087	270,697	24,390
Pupil transportation	-	-	-	-
Operation of plant	-	-	-	-
Maintenance of plant	-	-	-	-
Community services	-	-	-	-
Total expenses	295,087	295,087	455,397	(160,310)
Revenues over Expenditures	6,101	6,101	(14,779)	20,880
<b>Other Financing Sources</b>				
Transfers in	-	-	464	(464)
Transfers out	-	-	-	-
Total Other Financing Sources	-	-	464	(464)
Fund Balance, July 1, 2017	35,173	35,173	35,173	-
Fund Balance, June 30, 2018	\$ 41,274	\$ 41,274	\$ 20,858	\$ 20,416

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



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  - Center for Audit Quality
  - Employee Benefit Plan Audit Quality Center
  - Government Audit Quality Center
  - Private Companies Practice Section
  - Tax Division
- Florida Institute of CPAs

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**INDEPENDENT AUDITORS' 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 Members of Sunshine Elementary Charter School, Inc.  
*A Charter School and Component Unit of the  
District School Board of Broward County, Florida*  
Hollywood, 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 Sunshine Elementary Charter School, Inc., ("SEC", a nonprofit organization), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sunshine Elementary Charter School, Inc.'s basic financial statements and have issued our report thereon dated September 27, 2018.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SEC's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Infante + Company*

September 27, 2018  
Hollywood, Florida



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

To the Board of Directors of Sunshine Elementary Charter School, Inc., Florida,  
a Charter School and Component Unit of the District School Board  
of Broward County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Sunshine Elementary Charter School, Inc., Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 27, 2018.

**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, which is dated September 27, 2018, 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 and recommendations made in the preceding annual financial audit report.

**Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Sunshine Elementary Charter School, Inc.

## **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 Sunshine Elementary Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Sunshine Elementary Charter School, Inc. 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 Sunshine Elementary Charter School, Inc. It is management's responsibility to monitor the Sunshine Elementary Charter School, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Sunshine Elementary Charter School, Inc. 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 Sunshine Elementary Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

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

*Infante & Company*

Infante & Company  
Hollywood, FL  
September 27, 2018