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NEW LIFE CHARTER ACADEMIES, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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MARK ESCOFFERY, P.A.  
CERTIFIED PUBLIC ACCOUNTANT

**NEW LIFE CHARTER ACADEMIES, INC.**

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# **Mark Escoffery, P.A.**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board Members of New Life  
Charter Academies, Inc.  
3550 Davie Boulevard  
Ft. Lauderdale, Florida 33312

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of New Life Charter Academies, Inc. ("the Academies") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2019, which collectively comprise the Academies' basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academies. My responsibility is to express an opinion on these financial statements based on my audit.

#### ***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 misstatements, whether due to fraud or error.

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### ***Opinion***

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Academies as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 16, 2019, on my consideration of the Academies' internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

### ***Other Matters***

#### Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Mark Croffey, P.A.*

Palm Beach Gardens, Florida  
September 16, 2019

**NEW LIFE CHARTER ACADEMIES, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

Our discussion and analysis of New Life Charter Academies, Inc.'s ("the Academies") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2019.

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

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

**NON FINANCIAL HIGHLIGHTS**

The Academies' daily enrollment for fiscal year ended June 30, 2019 was 143 students. The Academies expects to have an enrollment of 195 students for the school year 2019-2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

***Government-wide Financial Statements***

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

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

**NEW LIFE CHARTER ACADEMIES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)**

*Fund Financial Statements (Cont'd.)*

*Governmental Funds* – All of the Academies' 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 Academies' governmental activities and the basic services it provides.

*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 14-20 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Academies' financial position. The Academies' assets exceeded liabilities by \$146,667 at June 30, 2019.

**NET ASSETS**

	<u><b>JUNE 30, 2019</b></u>	<u><b>JUNE 30, 2018</b></u>
Current and Other Assets	110,383	100,969
Capital Assets	114,716	141,160
Total Assets	225,099	242,129
Other Liabilities	78,432	88,050
Total Liabilities	95,390	88,050
Investment in Capital Assets	114,716	141,160
Restricted	65,944	18,919
Unrestricted	( 33,993 )	( 6,000 )
Total Net Position	146,667	154,079

Revenues from governmental activities totaled \$1,402,689 for the year ended June 30, 2019. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 78.0% of total governmental revenue.

**NEW LIFE CHARTER ACADEMIES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)**

<u>Revenue Source</u>	<u>6/30/19</u>	<u>% of Total 6/30/19</u>	<u>6/30/18</u>	<u>% of Total 6/30/18</u>
State Sources	\$ 1,185,564	83.3	\$ 1,010,895	85.7
Federal Sources	217,125	15.3	151,122	12.8
Local Sources	20,469	1.4	17,295	1.5
<b>TOTAL</b>	<b>\$ 1,423,158</b>	<b>100.0</b>	<b>\$ 1,179,312</b>	<b>100.0</b>

Federal revenue sources are primarily Charter Schools, Public Charter Schools Program (CSP) Grant and the National School Lunch Program (NSLP). Increases in levels of expenses for major functions of the Academies are shown in the following table:

<u>Expense</u>	<u>6/30/19</u>	<u>% of Total 6/30/19</u>	<u>6/30/18</u>	<u>% of Total 6/30/18</u>
Instruction	\$ 453,641	31.7	\$ 356,868	31.1
Instructional Support Services	79,943	5.6	46,341	4.0
Board Services	38,975	2.7	10,028	.9
School Administration	236,656	16.5	167,260	14.6
General Administration	54,705	3.8	46,925	4.1
Fiscal Services	50,841	3.6	41,789	3.6
Food Services	112,550	7.9	88,389	7.7
Central services	8,215	0.6		
Pupil Transportation	97,296	6.8	79,100	6.9
Operation of Plant	257,888	18.0	286,138	24.9
Maintenance of plant	1,939	0.1		
Community Services	7,714	0.5	10,922	1.0
Depreciation	30,207	2.1	13,477	1.2
<b>TOTAL</b>	<b>\$ 1,430,570</b>	<b>100.0</b>	<b>\$ 1,147,237</b>	<b>100.0</b>

**BUDGETARY HIGHLIGHTS**

State, Federal and local revenues were approximately \$218,000 less than budgeted amounts, primarily due to lower enrollment. The school had 53 less students than budgeted.

**NEW LIFE CHARTER ACADEMIES, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

**BUDGETARY HIGHLIGHTS (Cont'd.)**

Expenditures were \$220,000 less than budget primarily because school enrollment was lower than budgeted. This affected expenses across the board and in all categories. Because of lower enrollment instruction costs were approximately \$292,000 lower than budget. Board fees were approximately \$30,000 higher than budget because of consultant hired to assist school to get charter extension. School Administration expenses were greater than budget by \$70,036 because group insurance costs were not budgeted and there was an increase in marketing costs to boost enrollment.

Total fund deficit of the General Fund was (\$33,993) at June 30, 2019.

**CAPITAL ASSETS**

The Academies' investment in capital assets at June 30, 2019 was \$114,716 (net of depreciation). The investment includes leasehold improvements, furniture and equipment and computer software and equipment. The following is a summary of capital assets balances at June 30, 2019.

Furniture and Equipment	\$ 170,669
Leasehold Improvements	27,804
Computer Equipment	2,467
	<hr/>
	200,940
Less Accumulated Depreciation	86,224
	<hr/>
	<u>\$ 114,716</u>

**PROSPECTS FOR THE FUTURE**

The Academies continue to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Administration believes that the Academies will achieve a higher rating from the Department of Education.
- The Administration believes that the Academies will continue to be successful and contribute to the educational requirements of Broward County.

**REQUESTS FOR INFORMATION**

The Management Discussion and Analysis provides a general overview of the finances of the Academies. Requests for additional information should be addressed to Shirley Brunache, Principal, at 3550 Davie Boulevard, Ft. Lauderdale, Florida 33312.



**NEW LIFE CHARTER ACADEMY, INC.**  
**Governmental Fund Balance Sheet**  
**June 30, 2019**

	<u>Governmental Funds</u>	<u>Special Revenue Funds</u>	<u>Capital Outlay</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$72,779			\$72,779
Other current assets	10,036			10,036
Due from other agencies		4,533	6,135	10,668
Due from other funds	(56,400)	62,535	(6,135)	
Deposits	16,900			16,900
<b>Total Assets</b>	<u>43,315</u>	<u>67,068</u>		<u>110,383</u>
<b>LIABILITIES</b>				
Accounts Payable	30,308	1,124		31,432
Other Liabilities	47,000			47,000
<b>Total Liabilities</b>	<u>77,308</u>	<u>1,124</u>		<u>78,432</u>
<b>FUND BALANCE</b>				
Restricted		65,944		65,944
Unassigned	(33,993)			(33,993)
	<u>(33,993)</u>	<u>65,944</u>		<u>31,951</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$43,315</u>	<u>\$67,068</u>	<u>\$ -</u>	<u>\$110,383</u>

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMY, INC.**  
**STATEMENT OF NET POSITION**  
**Year ended June 30, 2019**

	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
<b>ASSETS</b>				
Cash and Cash Equivalents	1110	72,779		72,779
Due from other agencies	1130	10,668		10,668
Deposits	1210	16,900		16,900
Other current assets	12XX	10,036		10,036
Capital Assets:				
Less Accumulated Depreciation	1329			
Furniture, Fixtures and equipment	1340	198,473		198,473
Less Accumulated Depreciation	1349	(85,849)		(85,849)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382	2,467		2,467
Less Accumulated Depreciation	1389	(375)		(375)
<b>Total Assets</b>		<b>225,099</b>		<b>225,099</b>
<b>LIABILITIES</b>				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	31,432		31,432
Other Liabilities	2180	47,000		47,000
<b>Total Liabilities</b>		<b>78,432</b>		<b>78,432</b>
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt		114,716		114,716
<b>Restricted For:</b>				
Committed				
Restricted		65,944		65,944
<b>Unrestricted</b>		<b>(33,993)</b>		<b>(33,993)</b>
<b>Total Net Position</b>		<b>146,667</b>		<b>146,667</b>

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMY, INC.**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet To The Statement of Net Position**  
**June 30, 2019**

<b>Fund Balance- Governmental Funds</b>		\$31,951
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	200,940	
Less accumulated depreciation	<u>(86,224)</u>	
		114,716
Some expenses reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.		
<b>Net Position of Governmental Activities</b>		<u><u>\$146,667</u></u>

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMY, INC.**  
**Statement of Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Fiscal Year ended June 30, 2019**

	Governmental Funds	Special Revenue	Capital Outlay	Total
<b>EXPENSES</b>				
Instructional Services	\$444,874	\$11,850		\$456,724
Instructional Support Services	33,419	46,524		79,943
Board	38,975			38,975
School Administration	237,336			237,336
General Administration	54,705			54,705
Fiscal Services	50,841			50,841
Food Services	824	111,726		112,550
Central Services	8,215			8,215
Pupil Transportation Services	97,296			97,296
Operation of Plant	170,491		87,397	257,888
Maintenance of Plant	1,939			1,939
Community services Services	7,714			7,714
<b>Total Expenses</b>	<u>1,146,629</u>	<u>170,100</u>	<u>87,397</u>	<u>1,404,126</u>
<b>PROGRAM REVENUES</b>				
Florida Education Finance Program (FEFP)	1,094,391			1,094,391
Capital Outlay			73,634	73,634
<b>Total Program Revenues</b>	<u>1,094,391</u>	<u></u>	<u>73,634</u>	<u>1,168,025</u>
<b>GENERAL REVENUES</b>				
Other Federal sources		217,125		217,125
Other State sources	17,539			17,539
Other local sources	20,469			20,469
<b>Total General Revenues</b>	<u>38,008</u>	<u>217,125</u>	<u></u>	<u>255,133</u>
Excess of Revenues over expenses	(14,230)	47,025		19,032
Other Financing Sources				
Net change in Fund Balance	<u>(14,230)</u>	<u>47,025</u>	<u>(13,763)</u>	<u>19,032</u>
Transfers	(13,763)		13,763	
Fund balance, beginning of Year	(6,000)	18,919		12,919
Fund balance, end of year	<u>(\$33,993)</u>	<u>\$ 65,944</u>	<u>\$ -</u>	<u>\$31,951</u>

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

FUNCTIONS	Account Number	Expenses	Charges for Services	Program Revenues		Net (expense) /revenues and Changes in Net Position		Total
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
Instruction	5000	\$453,641		\$ 56,851		\$ (396,790)		\$ (396,790)
Instructional Support Services	6400	79,943		17,539		(62,404)		(62,404)
Board Services	7100	38,975				(38,975)		(38,975)
General Administration	7200	54,705				(54,705)		(54,705)
School Administration	7300	236,656				(236,656)		(236,656)
Fiscal Services	7500	50,841				(50,841)		(50,841)
Food services	7600	112,550		160,274		47,724		47,724
Central Services	7700	8,215				(8,215)		(8,215)
Pupil Transportation Services	7800	97,296				(97,296)		(97,296)
Operation of Plant	7900	257,888			73,634	(184,254)		(184,254)
Maintenance of Plant	8100	1,939				(1,939)		(1,939)
Community services	9100	7,714				(7,714)		(7,714)
Unallocated Depreciation Expense *		30,207				(30,207)		(30,207)
total governmental activities		<u>1,430,570</u>	<u>0.00</u>	<u>234,664</u>	<u>73,634</u>	<u>(1,122,272)</u>		<u>(1,122,272)</u>
Taxes:								
						1,094,391		1,094,391
						20,469		20,469
						<u>1,114,860</u>		<u>1,114,860</u>
						(7,412)		(7,412)
						154,079		154,079
						<u>\$ 146,667</u>		<u>\$ 146,667</u>

\* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMY INC.**  
**Expenditures and Changes in Fund Balances**  
**of Governmental Fund To The**  
**Statement of Activities**  
**June 30, 2019**

**Net Changes in Fund Balances- Governmental Funds** \$19,032

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	3,763	
Less current year depreciation	<u>(30,207)</u>	(26,444)

**Change in Net Position of Governmental Activities** (\$7,412)

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMY INC.**  
**In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2019**

	Special Revenue						TOTAL					
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance			
	Budget	Actual		Budget	Actual		Budget	Actual				
<b>EXPENDITURES:</b>												
Instructional Services	\$731,600	\$444,874	(\$286,726)	\$17,150	\$11,850	(\$5,300)				\$748,750	\$456,724	(\$292,026)
Instructional Support Services	12,500	33,419	20,919	47,797	46,524	(1,273)				60,297	79,943	19,646
Board Fees	8,000	38,975	30,975							8,000	38,975	30,975
General Administration	70,000	54,705								70,000	54,705	(15,295)
School Administration	167,300	237,336	70,036							167,300	237,336	70,036
Fiscal Services	56,000	50,841	(5,159)							56,000	50,841	(5,159)
Food Services		824		90,000	111,726	21,726				90,000	112,550	22,550
Central Services	10,000	8,215								10,000		(10,000)
Pupil Transportation Services	80,000	97,296	17,296							80,000	97,296	17,296
Operation of Plant	190,900	170,491	(20,409)				59,000	87,397	28,397	249,900	257,888	7,988
Maintenance of Plant	5,000	1,939								5,000		(5,000)
Community services Services	9,612	7,714	(1,898)							9,612	7,714	(1,898)
Debt Service	60,000		(60,000)							60,000		(60,000)
	<u>1,400,912</u>	<u>1,146,629</u>	<u>(234,966)</u>	<u>154,947</u>	<u>170,100</u>	<u>15,153</u>	<u>59,000</u>	<u>87,397</u>	<u>28,397</u>	<u>1,614,859</u>	<u>1,393,972</u>	<u>(220,887)</u>
<b>PROGRAM REVENUES:</b>												
Florida Education Finance Program	1,386,764	1,094,391	(292,373)							1,386,764	1,094,391	(292,373)
Capital Outlay							59,000	73,634	14,634	59,000	73,634	14,634
	<u>1,386,764</u>	<u>1,094,391</u>	<u>(292,373)</u>				<u>59,000</u>	<u>73,634</u>	<u>14,634</u>	<u>1,445,764</u>	<u>1,168,025</u>	<u>(277,739)</u>
<b>GENERAL REVENUES:</b>												
Other federal sources				153,977	217,125	63,148				153,977	217,125	63,148
Other State Sources	9,000	17,539	8,539							9,000	17,539	8,539
Other Local Sources	33,640	20,469	(13,171)							33,640	20,469	(13,171)
	<u>42,640</u>	<u>38,008</u>	<u>(4,632)</u>	<u>153,977</u>	<u>217,125</u>	<u>63,148</u>				<u>196,617</u>	<u>255,133</u>	<u>58,516</u>
Excess of Expenditures over Revenues	<u>\$ 28,492</u>	<u>(14,230)</u>	<u>(\$62,039)</u>	<u>\$ (970)</u>	<u>\$ 47,025</u>	<u>\$ 47,995</u>	<u>\$0</u>	<u>\$ (13,763)</u>	<u>\$ (13,763)</u>	<u>\$27,522</u>	<u>29,186</u>	<u>\$1,664</u>
Net change in Fund Balance		(14,230)			\$ 47,025			\$ (13,763)			29,186	
transfers		(13,763)						\$ 13,763				
<b>Fund Balance, Beginning of Year</b>		<u>(6,000)</u>			<u>18,919</u>			<u>-</u>			<u>12,919</u>	
<b>Fund Balance, End of year</b>		<u>(\$33,993)</u>			<u>\$ 65,944</u>			<u>\$ -</u>			<u>\$31,951</u>	

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

New Life Charter Academies, Inc.’s (“the Academies”) was established as a nonprofit organization on July 19, 2012, under the laws of the State of Florida and is the reporting entity.

The Academies operate as a Charter School pursuant to a Charter School Contract (“the Contract”) with The School Board of Broward County, Florida. Under the Contract the Academies provide an education to children, from Kindergarten through the fifth grade, who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the Academies is considered a component unit of The School Board of Broward County, which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee. The Contract is effective through June 30, 2020. The Contract requires The School Board to provide the Academies’ primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academies.

The Academies is a tax-exempt organization under 501(C)(3) of the Internal Revenue Code.

The Academies’ financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Academies are discussed below.

**Basic Financial Statements**

The Academies’ basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the Academies are classified as governmental type activities. There are no business type activities of the Academies. All the Academies’ governmental activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Academies’ net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the Academies’ functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.



**NEW LIFE CHARTER ACADEMIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Basic Financial Statements (cont'd.)**

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**Fund Financial Statements**

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*General Fund* – is the Academies' primary operating fund. It accounts for all financial resources of the Academies, except those required to be accounted for in another fund.

*Special Revenue Fund* – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual**

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the Academies to use restricted resources first, then unrestricted resources as they are needed.

**Measurement Focus**

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

**NEW LIFE CHARTER ACADEMIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Measurement Focus (Cont'd.)**

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the Academies consider revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Concentration of Credit Risk**

Financial instruments that subject the Academies to concentrations of credit risk include cash. While the Academies attempt to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The Academies have not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories in accordance with Chapter 280, Florida Statutes.

**NEW LIFE CHARTER ACADEMIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)**

**Fair Value Measurements**

The Fair Value Measurement Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value within accounting principles generally accepted in the United States of America. The Academies’ financial Assets, measured at fair value, include cash that is valued according to level 1, which is the highest level of measurement.

**Contributed Services and Facilities**

The Academies do not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the Academies’ program services.

**Budgetary Basis of Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e., salaries, purchased services, and capital outlay).

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Equipment	5-10 Years

**NEW LIFE CHARTER ACADEMIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**Revenue Sources**

Revenues for operations are received primarily from The School Board of Broward County pursuant to the funding provisions included in the Academies' Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the Academies will report the number of full-time equivalent (FTE) students and related data to The School Board of Broward County. Funding for the Academies is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the Academies during the designated full-time equivalent student survey periods. In addition, the Academies receive an annual allocation of Charter School Capital Outlay Funds for leasing of school facilities.

**Fund Balance Classifications**

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was a restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Academies' highest level of decision making authority. There was no committed fund balance at year end.

**NEW LIFE CHARTER ACADEMIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Fund Balance Classifications (Cont'd.)**

- d) **Assigned** fund balance includes amounts intended to be used by the Academies' Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund deficit at year end.

**Order of Fund Balance Spending Policy**

The Academies' policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The Academies' Board of Directors can deviate from this policy if it is in the best interest of the Academies.

**NOTE 2 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Furniture and Equipment	\$ 168,094	\$ 2,575	\$ -	\$ 170,669
Leasehold Improvements	27,804	-	-	27,804
Computer Equipment	1,279	1,188	-	2,467
	197,177	3,763	-	200,940
Less Accumulated Depreciation	56,017	30,207	-	42,540
<b>NET CAPITAL ASSETS</b>	<b>\$ 141,160</b>	<b>\$ (26,444)</b>	<b>\$ -</b>	<b>\$ 114,716</b>

Depreciation expense of \$30,207 was charged during the year ended June 30, 2019.

**NOTE 3 – COMPENSATED ABSENCES**

Employees of the Academies are entitled to paid vacation and sick days depending on length of services. The Academies' policy is to recognize the cost of vacation days when earned by the employees. The current policy of the Academies is that vacation days not used during the calendar year are forfeited. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

**NEW LIFE CHARTER ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

**Lease Agreement**

The Academies lease its administrative and classroom facilities under a non cancelable operating lease that expires in 2020. Annual rental expenses were approximately \$162,429 for the year ended June 30, 2019. Future minimum payments under this lease, assuming the lease will be renewed, are as follows:

June 30,	
2020	167,000
2021	172,000
2022	177,000
2023	183,000
2024	188,000
	<u>\$ 887,000</u>

**Risk Management**

The Academies 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. The Academies purchase commercial insurance for all material risks of loss to which the Academies are exposed, including general liability, property, auto and workers compensation. A review of the last four years reveals that settled claims have not exceeded insurance coverage.

The Academies receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter Academies. The data is compiled by the Academies and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the Academies.

**NOTE 5 – OTHER LIABILITIES**

Other liabilities are advances made to the Academies. The balance of these advances at June 30, 2019 was \$47,000.

**NOTE 6 – SUBSEQUENT EVENTS**

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 16, 2019. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

# **Mark Escoffery, P.A.**

## **Certified Public Accountant**

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### **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 New Life  
Charter Academies, Inc.  
3550 Davie Boulevard  
Ft. Lauderdale, Florida 33312

I have audited the financial statements of New Life Charter Academies, Inc. ("the Academies") (a non-profit organization) as of and for the year ended June 30, 2019, and have issued my report thereon dated September 16, 2019. I conducted my 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.

#### **Internal Control over Financial Reporting**

In planning and performing my audit, I considered the Academies' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academies' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Academies' internal control over financial reporting.

*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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**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* (Cont'd.)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academies' financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This Report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mark Esaffery, P.A.*

Palm Beach Gardens, Florida  
September 16, 2019



# ***Mark Escoffery, P.A.***

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## ***Certified Public Accountant***

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Palm Beach Gardens, FL 33410

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### **MANAGEMENT LETTER**

To the Board Members of New Life  
Charter Academies, Inc.  
3550 Davie Boulevard  
Ft. Lauderdale, Florida 33312

#### **Report on the Financial Statements**

I have audited the financial statements of the New Life Charter Academies, Inc., Florida, (“the Academies”) as of and for the fiscal year ended June 30, 2019, and have issued my report thereon dated September 16, 2019.

#### **Auditor’s Responsibility**

I conducted my 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 Reports and Schedules**

I have issued my 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*.

#### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I 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 New Life Charter Academies, Inc.

**MANAGEMENT LETTER**  
**(Continued)**

**Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not the New Life Charter Academies, 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 my audit, I determined that the New Life Charter Academies, 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, I applied financial condition assessment procedures for the New Life Charter Academies, Inc. It is management's responsibility to monitor the New Life Charter Academies' financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the New Life Charter Academies' financial condition is deteriorating.

**Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the New Life Charter Academies, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the New Life Charter Academies, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

**Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I 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 my audit, I did not have any such findings.

**Purpose of this Letter**

My 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 Broward County School Board and is not intended to be and should not be used by anyone other than these specified parties.



Mark Escoffery, P.A.

September 16, 2019