

**ADVANTAGE ACADEMY OF
BROWARD, INC.
D/B/A WEST BROWARD ACADEMY**

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

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2019

King & Walker, CPAs, PL

Certified Public Accountants

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**ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY**

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Members:
Florida Institute of CPAs
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Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

Independent Auditor's Report

To the Board of Directors of the Advantage Academy of Broward, Inc.
d/b/a West Broward Academy,
a Charter School and Component Unit of the
District School Board of Broward County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Advantage Academy of Broward, Inc. d/b/a West Broward Academy ("School"), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School'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 *Governmental 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 School'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 School'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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Advantage Academy of Broward, Inc. d/b/a West Broward Academy, as of June 30, 2019, and the respective changes in financial position thereof for the year 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, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as listed in the table of contents, 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 historic 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 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 18, 2019 on our consideration of Advantage Academy of Broward, Inc. d/b/a West Broward Academy'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 Advantage Academy of Broward, Inc. d/b/a West Broward Academy's internal control over financial reporting and compliance.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 18, 2019
Tampa, Florida

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Advantage Academy of Broward, Inc. d/b/a West Broward Academy (“School”) provides an overview of the School’s activities for the fiscal year ended June 30, 2019.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2019, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$227,747.
- As shown on the statement of net position, the School reported a total net position balance of \$188,243.
- As shown on the balance sheet – governmental funds, the School reported a total fund balance of \$99,805.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government’s financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School’s net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School’s financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds: a General Fund to account for its general operations, a Capital Projects Fund to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlay, and a Special Revenue Fund to account for Federal grant programs. The General Fund is considered a major fund. Data from other governmental funds are combined into a single aggregate presentation.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

ADVANTAGE ACADEMY OF BROWARD, INC.**D/B/A WEST BROWARD ACADEMY***A Charter School and Component Unit of the District School Board of Broward County, Florida***MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)****GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-18	6-30-19	
ASSETS			
Current and Other Assets	\$ 500,871	\$ 497,856	\$ (3,015)
Capital Assets, net	69,225	143,548	74,323
Total Assets	570,096	641,404	71,308
LIABILITIES			
Current Liabilities	409,951	398,051	(11,900)
Long Term Liabilities	199,649	55,110	(144,539)
Total Liabilities	609,600	453,161	(156,439)
NET POSITION			
Net Investment in Capital Assets	69,225	143,548	74,323
Unrestricted	(108,729)	44,695	153,424
Total Net Position	\$ (39,504)	\$ 188,243	\$ 227,747

The assets of the School primarily consist of cash & cash equivalents and the School's investment in capital assets net of accumulated depreciation. Current liabilities consist of vendor accounts payable and salaries and benefits payable. Total net position amounted to \$188,243.

ADVANTAGE ACADEMY OF BROWARD, INC.**D/B/A WEST BROWARD ACADEMY***A Charter School and Component Unit of the District School Board of Broward County, Florida***MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

The key elements of the changes in the School's net position for the current year and prior year are as follows:

	Operating Results for the Year		
	Governmental Activities		Increase
	6-30-18	6-30-19	(Decrease)
Revenues:			
Federal Through State and Local	\$ 97,344	\$ 157,449	\$ 60,105
State Sources	3,753,276	4,173,164	419,888
Local and Other	292,520	360,217	67,697
Total Revenues	4,143,140	4,690,830	547,690
Expenses:			
Instruction	1,981,116	2,203,094	221,978
Pupil Personnel Services	1,719	2,608	889
Instr. & Curriculum Development	7	7,164	7,157
Instructional Staff Training	3,371	3,083	(288)
Instructional-Related Technology	22,434	14,530	(7,904)
Board of Education	27,117	11,466	(15,651)
General Administration	148,728	138,402	(10,326)
School Administration	309,451	305,579	(3,872)
Facilities Acq. & Construction	667,333	859,718	192,385
Fiscal Services	94,824	93,608	(1,216)
Central Services	419	1,076	657
Pupil Transportation	109,506	94,230	(15,276)
Operation of Plant	340,238	449,571	109,333
Maintenance of Plant	47,079	50,556	3,477
Community Service	116,540	195,080	78,540
Debt Service-Interest & Fiscal Charges	16,643	7,517	(9,126)
Unallocated Depreciation	20,705	25,801	5,096
Total Expenses	3,907,230	4,463,083	555,853
Increase (Decrease) in Net Position	\$ 235,910	\$ 227,747	\$ (8,163)

The largest revenue source for the School is the State of Florida (89%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

Instruction related expenses were the largest concentration of expenses representing (50%), Facilities Acquisition & Construction, which consists primarily of rent (19%), Operation of Plant (10%), and School Administration (7%).

ADVANTAGE ACADEMY OF BROWARD, INC.

D/B/A WEST BROWARD ACADEMY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a fund balance of \$99,805.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2019, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual expenditures were equal to the final budget. See the budgetary comparison schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2019 , amounts to \$143,548 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, leasehold improvements, and motor vehicles. Additional information regarding the School's capital assets can be found in notes to the financial statements.

DEBT

At June 30, 2019, the School had \$55,110 outstanding as a result of debt issued to fund operations and purchase equipment. The term of the debt is to be paid over a two-year period. Additional information about the School's long-term debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2019-20 include:

- Continued funding from FEFP.
- Expected increase in enrollment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Advantage Academy of Broward, Inc. d/b/a West Broward Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charter School Associates, Inc., 5471 N. University Drive, Coral Springs, FL 33067.

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 415,961
Accounts Receivable	27,160
Due from Other Agencies	35,523
Prepaid Expenses and Deposits	19,212
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	35,684
Leasehold Improvements, Net	103,968
Motor Vehicles, Net	3,896
Total Capital Assets, Net	<u>143,548</u>
TOTAL ASSETS	<u><u>641,404</u></u>
LIABILITIES	
Accounts Payable	189,334
Salaries and Benefits Payable	208,717
Long Term Liabilities:	
Loans & Note Payable, due within one year	53,291
Loans & Note Payable, due after one year	1,819
TOTAL LIABILITIES	<u><u>453,161</u></u>
NET POSITION	
Net Investment in Capital Assets	143,548
Unrestricted	44,695
TOTAL NET POSITION	<u><u>\$ 188,243</u></u>

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

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets Governmental Activities
Governmental Activities:					
Instruction	\$ 2,203,094	\$ 40,611	\$ 155,830	\$ -	\$ (2,006,653)
Pupil Personnel Services	2,608		1,619		(989)
Instruction & Curriculum Development	7,164				(7,164)
Instructional Staff Training	3,083				(3,083)
Instructional-Related Technology	14,530				(14,530)
Board of Education	11,466				(11,466)
General Administration	138,402				(138,402)
School Administration	305,579				(305,579)
Facilities Acquisition & Construction	859,718			353,536	(506,182)
Fiscal Services	93,608				(93,608)
Central Services	1,076				(1,076)
Pupil Transportation	94,230				(94,230)
Operation of Plant	449,571				(449,571)
Maintenance of Plant	50,556				(50,556)
Community Service	195,080	152,244			(42,836)
Debt Service - Interest & Fiscal Charges	7,517				(7,517)
Unallocated Depreciation	25,801				(25,801)
Total Governmental Activities	<u>\$ 4,463,083</u>	<u>\$ 192,855</u>	<u>\$ 157,449</u>	<u>\$ 353,536</u>	<u>(3,759,243)</u>
General Revenues:					
State Sources					3,848,128
Grants and Contributions not restricted to specific program					60,772
Local and Other					78,090
Total General Revenues					<u>3,986,990</u>
Change in Net Position					227,747
Net Position - July 1, 2018					<u>(39,504)</u>
Net Position - June 30, 2019					<u>\$ 188,243</u>

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

**ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	\$ 415,961	\$ -	\$ 415,961
Accounts Receivable	27,160		27,160
Due from Other Agencies		35,523	35,523
Due from Other Funds	35,523		35,523
Prepaid Expenses and Deposits	19,212		19,212
Total Assets	<u>\$ 497,856</u>	<u>\$ 35,523</u>	<u>\$ 533,379</u>
LIABILITIES			
Accounts Payable	\$ 189,334	\$ -	\$ 189,334
Salaries and Benefits Payable	208,717		208,717
Due to Other Funds		35,523	35,523
Total Liabilities	<u>398,051</u>	<u>35,523</u>	<u>433,574</u>
FUND BALANCES			
Nonspendable	19,212		19,212
Unassigned	80,593		80,593
Total Fund Balances	<u>99,805</u>	<u>-</u>	<u>99,805</u>
Total Liabilities and Fund Balances	<u>\$ 497,856</u>	<u>\$ 35,523</u>	<u>\$ 533,379</u>

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

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Funds	\$ 99,805
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of a notes payable.	(55,110)
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	<u>143,548</u>
Total Net Position - Governmental Activities	<u><u>\$ 188,243</u></u>

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

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY
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 Fiscal Year Ended June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 157,449	\$ 157,449
State Sources	3,848,128	325,036	4,173,164
Local and Other	360,217		360,217
Total Revenues	<u>4,208,345</u>	<u>482,485</u>	<u>4,690,830</u>
Expenditures			
Current - Education:			
Instruction	2,047,264	155,830	2,203,094
Pupil Personnel Services	989	1,619	2,608
Instruction & Curriculum Development	7,164		7,164
Instructional Staff Training	3,083		3,083
Instructional-Related Technology	14,530		14,530
Board of Education	11,466		11,466
General Administration	138,402		138,402
School Administration	305,579		305,579
Facilities Acquisition & Construction	534,682	325,036	859,718
Fiscal Services	93,608		93,608
Central Services	1,076		1,076
Pupil Transportation	94,230		94,230
Operation of Plant	449,571		449,571
Maintenance of Plant	50,556		50,556
Community Service	195,080		195,080
Fixed Capital Outlay:			
Facilities Acquisition & Construction	100,124		100,124
Debt Service:			
Principal	144,539		144,539
Interest & Fiscal Charges	7,517		7,517
Total Expenditures	<u>4,199,460</u>	<u>482,485</u>	<u>4,681,945</u>
Net Change in Fund Balances	8,885	-	8,885
Fund Balances, July 1, 2018	90,920	-	90,920
Fund Balances, June 30, 2019	<u>\$ 99,805</u>	<u>\$ -</u>	<u>\$ 99,805</u>

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

**ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
*For the Fiscal Year Ended June 30, 2019***

Net Change in Fund Balances - Governmental Funds	\$	8,885
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of capital outlay (\$100,124) in excess of depreciation expense (\$25,801) in the current period.

74,323

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.

144,539

Change in Net Position - Governmental Activities

\$ 227,747

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

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Advantage Academy of Broward, Inc. d/b/a West Broward Academy ("School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Broward County, Florida, ("District"). The charter was granted starting for the 2012-13 school year and was effective until June 30, 2018 and is subject to annual review and may be renewed by mutual agreement between the School and the District. The District renewed the School's charter agreement through June 30, 2022. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School'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 provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically

ADVANTAGE ACADEMY OF BROWARD, INC.

D/B/A WEST BROWARD ACADEMY

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

All other governmental funds are non-major and are presented in the aggregate.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources,

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Deposits and Investments**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits are placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5-10 years
Leasehold Improvements	10-20 years
Motor Vehicles	5-10 years

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➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

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

Fund Financial Statements

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

nonspendable fund balances at year end relate to assets that are in nonspendable form.

- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

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

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

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

ADVANTAGE ACADEMY OF BROWARD, INC.

D/B/A WEST BROWARD ACADEMY

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2019, the School reported 533.91 unweighted FTE and 570.2391 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

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

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Recently Issued Accounting Principles**

Governmental Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements was effective for fiscal years beginning after June 15, 2018. The School's notes related to debt reflect all required disclosures.

ADVANTAGE ACADEMY OF BROWARD, INC.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

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

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. ACCOUNTS RECEIVABLE – RELATED PARTY

The School reported a receivable of \$7,338 due from The Charter School at Waterstone a charter school operating under the same management company, in its statement of net position and balance sheet – governmental funds, as a result of money advanced for shared expenses. The School expects to receive full payment within one year from the financial statement date and no allowance for bad debt has been established.

4. DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds consists of an amount due from the Florida Department of Education under the Charter School Capital Outlay Program recorded in the Capital Projects Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts has been established.

**ADVANTAGE ACADEMY OF BROWARD, INC.
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A Charter School and Component Unit of the District School Board of Broward County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

5. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2019, the School's Capital Project Fund owed the General Fund \$35,523 for revenues awaiting disbursement from other agencies. The amounts of interfund receivables and payables are netted together and not reported in the statement of net position and statement of activities.

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 98,703	\$ -	\$ -	\$ 98,703
Leasehold Improvements	13,785	100,124		113,909
Motor Vehicles	5,313			5,313
Total Capital Assets Being Depreciated	<u>117,801</u>	<u>100,124</u>	<u>-</u>	<u>217,925</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(45,135)	(17,884)		(63,019)
Leasehold Improvements	(3,087)	(6,854)		(9,941)
Motor Vehicles	(354)	(1,063)		(1,417)
Total Accumulated Depreciation	<u>(48,576)</u>	<u>(25,801)</u>	<u>-</u>	<u>(74,377)</u>
Governmental Activities Capital Assets, net	<u>\$ 69,225</u>	<u>\$ 74,323</u>	<u>\$ -</u>	<u>\$ 143,548</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

7. LOAN PAYABLE – RELATED PARTY

As of June 30, 2019, the School's long-term debt included the following loan payable:

Loan Payable - Charter School Associates, Inc. (related party - School's management company)	Balance at 6-30-19
	<u>\$ 4,457</u>

\$5,313 Borrowed 3-12-2018, to cover the costs of operations. Demand loan bearing interest at 4% per annum, payable two years from the date of loan. Prepayment penalties do not apply.

Amounts payable for the loan payable is as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2020	\$ 2,768	\$ 2,638	\$ 130
2021	1,846	1,819	27
Total	<u>\$ 4,614</u>	<u>\$ 4,457</u>	<u>\$ 157</u>

ADVANTAGE ACADEMY OF BROWARD, INC.
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A Charter School and Component Unit of the District School Board of Broward County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

8. NOTE PAYABLE

As of June 30, 2019, the School's long-term debt included the following note payable:

<u>Note Payable - Cencor Capital, LLC</u>	Balance at
\$280,295 Borrowed 11-2-2016, for the funding of equipment and materials purchased to operate the school. The Equipment Finance Agreement, payable in three years on 12-1-2019 with an interest rate of 6.50%. In the event of default for non-payment, the loan will become due and payable or result in repossession of the equipment.	6-30-19
	<u>\$ 50,653</u>

Amounts payable for the note payable is as follows:

<u>Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>\$ 51,618</u>	<u>\$ 50,653</u>	<u>\$ 965</u>

9. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Loan Payable	\$ 52,484	\$ -	\$ (48,027)	\$ 4,457	\$ 2,638
Note Payable	147,165	-	(96,512)	50,653	50,653
Total Governmental Activities	<u>\$ 199,649</u>	<u>\$ -</u>	<u>\$ (144,539)</u>	<u>\$ 55,110</u>	<u>\$ 53,291</u>

10. OPERATING AGREEMENT

The School entered into an agreement July 1, 2016 for a term of five years. The term of the agreement may be extended for a period up to five years, or a term equal to the School's charter renewal, should the parties decide that it is in the best interest of the School to continue the agreement. The management contract calls for Charter School Associates, Inc. (CSA) to provide the School with marketing, curriculum design and implementation; student and staff recruiting; principal selection; and general management of the School's operations. An annual management fee is to be 9% of the School's gross operating revenue less the School's administrative fee, plus 3% of grants obtained by CSA on behalf of the School, if allowed under the grant conditions. The Management Fee is paid in monthly installments and total fees related to the contract for the year ended June 30, 2019 was \$334,891. The total amount paid was \$141,321 with \$193,570 of the fees forgiven by CSA.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

11. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 2,448,781
Class Size Reduction	655,711
Charter School Capital Outlay	325,036
Discretionary Local Effort	287,188
Supplementary Academic Instruction	118,658
ESE Guaranteed Allocation	61,031
School Recognition Program	53,145
Voluntary Preschool Program	50,003
Transportation	43,340
Instructional Materials	40,384
Safe Schools	28,557
Reading Allocation	23,092
Mental Mental Health Assistance Allocatior	12,022
Best & Brightest Teacher Scholarship Progr	9,004
Digital Classrooms Allocation	7,711
FL Teachers Classroom Supply Program	7,645
Discretionary Lottery	1,856
Total State Revenue	<u><u>\$ 4,173,164</u></u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$87,402.

12. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

13. PENSION PLAN

The School participates in a defined contribution tax sheltered annuity 401(k) plan for participating employees. Contributions made by the School totaled \$2,232 for the year ended June 30, 2019, which were computed at 1.5% of employee compensation for each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

**ADVANTAGE ACADEMY OF BROWARD, INC.
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A Charter School and Component Unit of the District School Board of Broward County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

14. FACILITY LEASES

The School entered into a 25-year operating lease for its educational facility beginning August 1, 2016 through July 31, 2041. Effective September 1, 2017, the lease was amended to reduce the monthly rent. The amended lease requires monthly payments and includes annual increases in accordance with the agreement through July 2041. In accordance with the agreement, the School is responsible for all operating charges and insurance and is to maintain the premises at its own expense. Rental expenditures under this lease agreement for the fiscal year were \$859,718.

The following is a schedule by years of future minimum rental payments required under operating leases that have remaining lease terms in excess of one year.

Fiscal Year Ending June 30:	Amount
2020	\$ 1,052,230
2021	1,188,782
2022	1,230,094
2023	1,263,919
2024	1,298,677
2025-2029	7,049,147
2030-2034	8,073,182
2035-2039	9,245,996
2040-2042	4,236,192
Total	<u>\$ 34,638,219</u>

15. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2019, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

16. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget-based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

ADVANTAGE ACADEMY OF BROWARD, INC.

D/B/A WEST BROWARD ACADEMY

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

17. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

ADVANTAGE ACADEMY OF BROWARD, INC.**D/B/A WEST BROWARD ACADEMY****A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA****REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2019**

	General Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget - Positive (Negative)
Revenues:				
Intergovernmental:				
State Sources	\$ 4,691,785	\$ 3,848,128	\$ 3,848,128	\$ -
Local and Other	309,058	360,217	360,217	-
Total Revenues	5,000,843	4,208,345	4,208,345	-
Expenditures:				
Current - Education:				
Instruction	2,419,714	2,047,264	2,047,264	-
Pupil Personnel Services	-	989	989	-
Instruction & Curriculum Development	-	7,164	7,164	-
Instructional Staff Training	4,273	3,083	3,083	-
Instructional-Related Technology	58,044	14,530	14,530	-
Board of Education	35,456	11,466	11,466	-
General Administration	267,789	138,402	138,402	-
School Administration	331,856	305,579	305,579	-
Facilities Acquisition & Construction	526,218	534,682	534,682	-
Fiscal Services	232,064	93,608	93,608	-
Central Services	-	1,076	1,076	-
Pupil Transportation	138,004	94,230	94,230	-
Operation of Plant	413,052	449,571	449,571	-
Maintenance of Plant	59,596	50,556	50,556	-
Community Service	202,215	195,080	195,080	-
Fixed Capital Outlay:				
Facilities Acquisition & Construction	-	100,124	100,124	-
Other Capital Outlay	25,180	-	-	-
Debt Service:				
Principal	141,963	144,539	144,539	-
Interest & Fiscal Charges	7,906	7,517	7,517	-
Total Expenditures	4,863,330	4,199,460	4,199,460	-
Net Change in Fund Balance	137,513	8,885	8,885	-
Fund Balance, June 20, 2018	90,920	90,920	90,920	-
Fund Balance, June 20, 2019	\$ 228,433	\$ 99,805	\$ 99,805	\$ -

See Independent Auditor's Report.

ADVANTAGE ACADEMY OF BROWARD, INC.
D/B/A WEST BROWARD ACADEMY A Charter School and Component Unit of the
District School Board of Broward County, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

1. 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 (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Members:
Florida Institute of CPAs
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Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813)892-4274 fax (813) 932-1913
www.KingandWalker.com

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of the Advantage Academy of Broward, Inc.
d/b/a West Broward Academy,
a Charter School and Component Unit of the
District School Board of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Advantage Academy of Broward, Inc. d/b/a West Broward Academy ("School"), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the School's financial statements are free from material misstatement, we performed tests of 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 18, 2019
Tampa, Florida

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2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 892-4274 fax (813) 932-1913
www.KingandWalker.com

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

To the Board of Directors of the Advantage Academy of Broward, Inc.
d/b/a West Broward Academy,
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 Advantage Academy of Broward, Inc. d/b/a West Broward Academy ("School"), 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, 2019, and have issued our report thereon dated September 18, 2019.

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 those reports and schedule, which are dated September 18, 2019, 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 prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are West Broward Academy, 065052.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Transparency

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

Additional Matters

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

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

Respectfully submitted,

Handwritten signature of King & Walker, CPAs in black ink.

September 18, 2019
Tampa, Florida