



**Ben Gamla Charter School Hollywood
W/L #: 5410**

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

Financial Statements and
Independent Auditors' Report
June 30, 2020

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Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

W/L #: 5410

2620 Hollywood Boulevard
Hollywood, Florida 33020

2019-2020

BOARD OF DIRECTORS

Debra Klein, Chair, Board Chair & Director
Daniel Fernandez, Director & Secretary
Henry Ellenbogen, Director (resigned 9/16/2019)
Marcus Jadote, Director
Michelle Gerson, Director

SCHOOL ADMINISTRATION

Sharon Miller, Principal



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ben Gamla Charter School Hollywood
Hollywood, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ben Gamla Charter School Hollywood (the "School"), a charter school under The National Ben Gamla Charter School Foundation, Inc., which is a component unit of the District School Board of Broward County, as of, and for the year ended June 30, 2020, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of Ben Gamla Charter School Hollywood as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Ben Gamla Charter School Hollywood as of June 30, 2020, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of The National Ben Gamla Charter School Foundation, Inc. These financial statements do not purport to and do not present fairly the financial position of The National Ben Gamla Charter School Foundation, Inc. as of June 30, 2020 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 30 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2020

Management’s Discussion and Analysis
Ben Gamla Charter School Hollywood
(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)
June 30, 2020

The corporate officers of Ben Gamla Charter School Hollywood have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2020.

Financial Highlights

1. The net position of the School at June 30, 2020 was \$117,177.
2. At year-end, the School had current assets on hand of \$2,175,612.
3. The School had a increase in its net position of \$44,005 for the year ended June 30, 2020.
4. The unassigned fund balance at year end was \$361,726.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2020 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 - 15 of this report.

Notes to 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 16 - 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$117,177 at the close of the fiscal year. A summary of the School's net position as of June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,746,712	\$ 207,737
Investments	240,000	138,000
Prepaid expenses	19,506	132,668
Deposits receivable	25,777	25,777
Due from other agencies	19,394	-
Due from other divisions of The National Ben Gamla CS Foundation	150,000	-
Capital assets, net	145,791	257,204
Total Assets	<u>\$ 2,347,180</u>	<u>\$ 761,386</u>
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	\$ 40,363	\$ 19,282
Salaries and wages payable	170,117	168,637
Notes payable	2,446,699	246,682
Due to other charter schools and affiliates	253,613	253,613
Total Liabilities	<u>\$ 2,910,792</u>	<u>\$ 688,214</u>
Deferred inflows of resources	-	-
Net Position:		
Restricted	1,583,900	-
Unrestricted	(1,466,723)	73,172
Total Net Position	<u>\$ 117,177</u>	<u>\$ 73,172</u>

At the end of the fiscal year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and June 30, 2019 follows:

	<u>2020</u>	<u>2019</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 31,579	\$ 64,787
Capital outlay funding	290,740	313,810
Charges for services and other revenues	24,086	26,669
General Revenues		
Local sources (FTE and other non specific)	3,680,204	3,760,305
Charges for services other revenue	164,443	24,182
Total Revenues	<u>\$ 4,191,052</u>	<u>\$ 4,189,753</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 2,194,489	\$ 2,060,265
Student support services	5,792	4,272
Board	31,195	32,395
General administration	35,757	-
School administration	353,055	403,068
Facilities acquisition	24,429	8,500
Fiscal services	75,900	78,825
Food services	92,936	119,142
Central services	107,256	107,729
Operation of plant	1,035,200	1,107,767
Maintenance of plant	126,901	182,898
Administrative technology services	16,793	16,571
Community services	37,712	38,133
Interest	9,632	11,408
Total Expenses	<u>4,147,047</u>	<u>4,170,973</u>
Increase in Net Position	44,005	18,780
Net Position at Beginning of Year	<u>73,172</u>	<u>54,392</u>
Net Position at End of Year	<u>\$ 117,177</u>	<u>\$ 73,172</u>

The School's revenue increased by \$1,299 while expenses decreased by \$23,926 in the current year. The School had an increase in its net position of \$44,005.

Achievements

In 2020, Ben Gamla Charter School successfully completed its 13th year of operation, enrolling 504 students. The school is ranked among the top performing schools in Broward County.

Throughout the school year, students were recognized for various accomplishments including Student of the Month, Character Education, the regional Spelling Bee, the Science Fair, and a Talent Show. They also participated in monthly STEM activities as an in-house field trip where they engineered exceptional projects.

Students were very involved in after-school clubs and activities, which included:

- Creative Writing Club
- Art Club
- Brain Power Club
- Drama Club

- Peer Tutoring
- Math Club
- Science Club
- WISE Club
- Hebrew Choir
- Aleph-Bet Yoga
- Yearbook Club
- Earth Club
- Cheerleading
- Student Council
- Zumba & Hip-Hop Dancing

Students also participated in multiple sports and athletics clubs including soccer, kickball, flag football, basketball and volleyball.

Ben Gamla Charter School opened in 2007 as the first Hebrew language charter school in the nation. The school’s mission is to deliver a first-class academic program that offers a unique bilingual, bi-literate, and bi-cultural curriculum, which prepares students to have an edge in global competition through the study of Hebrew as a second language. Ben Gamla Charter is accredited by the Southern Association of Colleges and Schools.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School’s financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Most of the School’s operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature. At the end of the fiscal year, the School’s governmental general fund reported ending fund balance of \$381,232. The fund balance unassigned and available for spending at the School’s discretion is \$361,726. These funds will be available for the School’s future ongoing operations.

School Location and Lease of Facility

The School leases a facility located at 2620 Hollywood Boulevard, Hollywood, Florida, 33020.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

Capital Assets

The School's investment in capital assets as of June 30, 2020 amounts to \$145,791 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, furniture, fixtures and computer equipment. As of June 30, 2020, the School had approximately \$435,000 of debt associated to its capital assets and working capital.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Operating grants and contributions	\$ 30,000	\$ 30,000	\$ 31,579
Capital grants and contributions	244,000	256,928	290,740
Charges and other revenues	27,000	23,450	24,086
General Revenues			
FTE nonspecific revenues	3,632,001	3,702,710	3,680,204
Charges and other revenues	115,544	156,473	164,443
Total Revenues	<u>\$ 4,048,545</u>	<u>\$ 4,169,561</u>	<u>\$ 4,191,052</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 1,997,053	\$ 2,090,379	\$ 2,088,052
Student support services	1,500	6,500	5,792
Board	32,170	31,195	31,195
General administration	36,320	35,778	35,757
School administration	437,355	366,795	353,055
Fiscal services	75,000	75,900	75,900
Food services	95,232	98,622	92,936
Central services	93,000	110,900	107,256
Operation of plant	1,056,205	1,021,563	1,010,771
Maintenance of plant	167,000	136,000	125,803
Administrative technology services	16,496	18,013	16,793
Community services	12,000	37,841	37,712
Total Current Expenditures	<u>\$ 4,019,331</u>	<u>\$ 4,029,486</u>	<u>\$ 4,005,451</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Broward, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Net Position
June 30, 2020

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 1,746,712
Investments	240,000
Prepaid expenses and other assets	19,506
Due from other agencies	19,394
Due from other divisions of The National Ben Gamla Charter School Foundation, Inc.	150,000
Total current assets	<u>2,175,612</u>
Capital assets, depreciable	945,873
Less: accumulated depreciation	<u>(800,082)</u>
	145,791
Deposits and other receivables	<u>25,777</u>
Total Assets	<u>2,347,180</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	40,363
Salaries and wages payable	170,117
Notes payable, current portion	<u>680,789</u>
	891,269
Long term liabilities:	
Note payable-equipment loan	114,362
Note payable to financial institution under the Paycheck Protection Program	970,759
Due to other charter schools and divisions of The National Ben Gamla Charter School Foundation, Inc., long term-debt	<u>253,613</u>
Total Liabilities	<u>2,230,003</u>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 Net Position:	
Restricted	1,583,900
Unrestricted	<u>(1,466,723)</u>
Total Net Position	<u>\$ 117,177</u>

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

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Activities
For the year ended June 30, 2020

FUNCTIONS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 2,194,489	\$ -	\$ -	\$ -	\$ (2,194,489)
Student support services	5,792	-	-	-	(5,792)
Board	31,195	-	-	-	(31,195)
General administration	35,757	-	-	-	(35,757)
School administration	353,055	-	-	-	(353,055)
Facilities acquisition	24,429	-	-	-	(24,429)
Fiscal services	75,900	-	-	-	(75,900)
Food services	92,936	24,086	31,579	-	(37,271)
Central services	107,256	-	-	-	(107,256)
Operation of plant	1,035,200	-	-	290,740	(744,460)
Maintenance of plant	126,901	-	-	-	(126,901)
Administrative technology services	16,793	-	-	-	(16,793)
Community services	37,712	-	-	-	(37,712)
Interest	9,632	-	-	-	(9,632)
Total governmental activities	4,147,047	24,086	31,579	290,740	(3,800,642)
General revenues:					
FTE and other nonspecific revenues					3,680,204
Other revenue					164,443
Change in net position					44,005
Net position, beginning					73,172
Net position, ending					\$ 117,177

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

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 162,812	\$ 1,583,900	\$ -	\$ 1,746,712
Investments	240,000	-	-	240,000
Prepaid expenses	19,506	-	-	19,506
Due from other divisions of The National Ben Gamla Charter School Foundation, Inc.	150,000	-	-	150,000
Due from other agencies	-	-	19,394	19,394
Due from fund	19,394	-	-	19,394
Total Assets	<u>591,712</u>	<u>1,583,900</u>	<u>19,394</u>	<u>2,195,006</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	170,117	-	-	170,117
Accounts payable and accrued expenses	40,363	-	-	40,363
Due to fund	-	-	19,394	19,394
Total Liabilities	<u>210,480</u>	<u>-</u>	<u>19,394</u>	<u>229,874</u>
Deferred Inflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Nonspendable, not in spendable form	19,506	-	-	19,506
Restricted	-	1,583,900	-	1,583,900
Unassigned	361,726	-	-	361,726
	<u>381,232</u>	<u>1,583,900</u>	<u>-</u>	<u>1,965,132</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 591,712</u>	<u>\$ 1,583,900</u>	<u>\$ 19,394</u>	<u>\$ 2,195,006</u>

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

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2020

Total Fund Balance - Governmental Funds \$ 1,965,132

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$945,873 net of accumulated depreciation of \$800,082 used in governmental activities are not financial resources and therefore are not reported in the fund. 145,791

Long term deposits and other receivables in governmental activities are not financial resources and therefore are not reported in the governmental funds. 25,777

Long term liabilities of \$2,019,523 were not due and payable in the current period and, therefore, are not reported in the funds. (2,019,523)

Total Net Position - Governmental Activities \$ 117,177

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

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2020

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
State passed through local	\$ 3,680,204	\$ -	\$ -	\$ 3,680,204
State capital outlay funding	-	-	290,740	290,740
Federal Funds	-	31,579	-	31,579
Charges for services	-	24,086	-	24,086
Other revenue	164,443	-	-	164,443
Total Revenues	3,844,647	55,665	290,740	4,191,052
Expenditures:				
Current				
Instruction	2,088,052	-	-	2,088,052
Student support services	5,792	-	-	5,792
Board	31,195	-	-	31,195
General administration	35,757	-	-	35,757
School administration	353,055	-	-	353,055
Facilities acquisition	24,429	-	-	24,429
Fiscal services	75,900	-	-	75,900
Food services	-	92,936	-	92,936
Central services	107,256	-	-	107,256
Operation of plant	720,031	-	290,740	1,010,771
Maintenance of plant	125,803	-	-	125,803
Administrative technology services	16,793	-	-	16,793
Community services	37,712	-	-	37,712
Capital Outlay:				
Other capital outlay	20,551	-	-	20,551
Debt Service:				
Repayment of principal	-	-	64,672	64,672
Interest	-	-	9,632	9,632
Total Expenditures	3,642,326	92,936	365,044	4,100,306
Excess (deficit) of revenues over expenditures	202,321	(37,271)	(74,304)	90,746
Other financing sources (uses)				
Transfers in (out)	(111,575)	37,271	74,304	-
Proceeds from PPP Loan	-	1,583,900	-	1,583,900
Net change in fund balance	90,746	1,583,900	-	1,674,646
Fund Balance at beginning of year	290,486	-	-	290,486
Fund Balance at end of year	\$ 381,232	\$ 1,583,900	\$ -	\$ 1,965,132

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

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2020

Net Change in Fund Balance - Governmental Funds \$ 1,674,646

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays 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 by which capital outlays of \$20,551 differed from depreciation expense of \$131,964. (111,413)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds of \$1,583,900 exceeded repayments \$64,672. (1,519,228)

Change in Net Position of Governmental Activities \$ 44,005

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

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Net Position - Fiduciary Funds
June 30, 2020

	<u>Agency Funds School's Internal Funds</u>
<u>Assets</u>	
Cash	\$ 71,423
Total Assets	<u>71,423</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Due to students and clubs	<u>71,423</u>
Total Liabilities	<u>71,423</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net position</u>	<u>\$ -</u>

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

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Ben Gamla Charter School Hollywood (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The Schools' charter is held by The National Ben Gamla Charter School Foundation, Inc., 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 of The National Ben Gamla Charter School Foundation, Inc., which is composed of four members and also governs other charter schools. The board has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Broward County, Florida. The current charter expires on June 30, 2027 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Hollywood, Florida for students from kindergarten through eighth grades. These financial statements are for the year ended June 30, 2020, when on average 504 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Any internal interfund activity has been eliminated from the government-wide financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other miscellaneous sources.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

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, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all other non-major funds aggregated in a single column:

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

Special Revenue Fund - accounts for specific revenue, such as the federal lunch program and other grants that are legally restricted to expenditures for particular purposes.

Additionally, the School reports the following fiduciary fund types:

Agency Fund – accounts for resources of the Schools' Internal Fund which is used to administer monies collected at the schools in connection with school, student activities, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met.

Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means 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 60 days of the end of the fiscal year.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

The Fiduciary Duns are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (see Note 2).

Inter-fund Transfers

Inter-fund receivables/payables ("due from/to") are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

The School operates one lunch site that is part of the charter holder National School Lunch program. During the year, the combined operations of all sites operated at a deficit that was funded by the general fund. Accordingly, any deficit or excess in an individual charter school is transferred to the general fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings & Improvements	20 Years
Furniture, Equipment, and Computers	5 Years
Textbooks and Software	3 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Prepaid Expenses and Other Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Long –Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 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 net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of balances with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the District's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement 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 properly reported within one of the fund balance categories listed below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted balances at year end pertain to the PPP loan proceeds.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Revenue Sources

Revenues for operations will be 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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

The School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal 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. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

The school receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

The National Ben Gamla Charter School Foundation, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 29, 2020, which is the date the financial statements were available to be issued.

Note 2 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. As of June 30, 2020, the School's deposits consisted of cash balances of \$2,912.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under The National Ben Gamla Charter School Foundation, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of The National Ben Gamla Charter School Foundation, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2020, bank balances in potential excess of FDIC coverage was approximately \$234,000, including fiduciary funds.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 2 – Cash and Investments (continued)

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs. At June 30, 2020, the School has the following recurring fair value measurements.

- Government money market mutual fund of \$290,000 valued using Level 2 inputs.

The government money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2020, maturities of the fund's portfolio holdings are approximately 63% within 30 days.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2020, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 3 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance 07/01/19	Additions	Retirements / Reclassification	Balance 06/30/20
Capital Assets, depreciable:				
Buildings and improvements	\$ 573,781	\$ 5,400	\$ -	\$ 579,181
Computer equipment and software	274,775	-	(117,175)	157,600
Furniture, equipment and textbooks	1,319,709	15,151	(1,125,768)	209,092
Total Capital Assets	2,168,265	20,551	(1,242,943)	945,873
Less Accumulated Depreciation:				
Buildings and improvements	(470,490)	(38,459)	-	(508,949)
Computer equipment and software	(256,633)	(31,520)	155,040	(133,113)
Furniture, equipment and textbooks	(1,183,938)	(61,985)	1,087,903	(158,020)
Total Accumulated Depreciation	(1,911,061)	(131,964)	1,242,943	(800,082)
Capital Assets, net	\$ 257,204	\$ (111,413)	\$ -	\$ 145,791

For the fiscal year ended June 30, 2020, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	106,437
Operation of Plant		24,429
Maintenance of Plant		1,098
Total Depreciation Expense	\$	131,964

Note 4 – Education Service and Support Provider

Academica Broward, LLC, an education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual education services. The agreement between the School and Academica Broward, LLC calls for a fee on a per student basis. The agreement is with The National Ben Gamla Charter School Foundation, Inc. for a period of five years, through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2020, the School incurred \$227,700 in fees of which \$13,163 is included in accounts payable at year end.

Academica Broward, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 5 – Transactions with other divisions of The National Ben Gamla Charter School Foundation, Inc.

The School’s facility is shared with Ben Gamla Charter School North Campus (a charter school under The National Ben Gamla Charter School Foundation, Inc.). Through the board, management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to this school. In addition, Ben Gamla Charter School North Campus’ student activities account is recorded in the School’s books.

The School’s lunch program is shared with various other charter schools under The National Ben Gamla Charter School Foundation, Inc. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

The National Ben Gamla Charter School Foundation, Inc. charges its affiliated charter schools an assessment for shared corporate costs and accreditation expenses. Ben Gamla Charter School Hollywood paid The National Ben Gamla Charter School Foundation, Inc. \$75,900 in connection with these charges during the year.

The School has received long term non-interest bearing advances from other charter schools and divisions of The National Ben Gamla Charter School Foundation, Inc.). The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2020.

	Balance 06/30/19	Proceeds	Repayments	Balance 06/30/20
Ben Gamla South Broward	\$ 142,500	\$ -	\$ -	\$ 142,500
Ben Gamla High School	50,000	-	-	50,000
Ben Gamla North Campus	61,113	-	-	61,113
Total Long Term Debt	<u>\$ 253,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,613</u>

Note 6 – Commitments, Contingencies and Concentrations

The National Ben Gamla Charter School Foundation, Inc. (“Ben Gamla, Inc.”) entered into an amended lease and security agreement with North Miami Lakes Campus, LLC (“Landlord”) for the School’s 18,909 square foot including all ancillary facilities, outdoor areas and other improvements. The Landlord is an affiliate of the School’s education service and support provider (See Note 4). Fixed annual payments under the amended agreement dated June 23, 2017 (based on \$30.17 per square foot) are approximately \$570,482 adjusted annually based on three percent over the previous year’s rental amount or the Consumer Price Index (CPI), whichever is greater, plus additional property costs including repairs, maintenance and insurance. The amended agreement extends through July 31, 2027.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 6 – Commitments, Contingencies and Concentrations (continued)

Under the agreement, the School must meet certain requirements and covenants including maintaining a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreement to maintain a reserve account where 0.5% of its gross annual revenues are deposited for property expenses such as repairs, maintenance, taxes and insurance until the balance is equal to 5% of their gross revenues for the current fiscal year. As of June 30, 2020, the required reserve was waived by the landlord.

Ben Gamla, Inc. also, entered into an amended lease agreement with Van Buren Facility, LLC for the School’s rental of a modular building including all outdoor areas and other improvements. The Landlord is an affiliate of the School’s education and support provider (See Note 4). Initial fixed annual payments under this agreement (based on \$1,511 per student at an agreed rate of 180 student stations) are approximately \$272,000 adjusted annually based on a 3% increase over prior year’s rent of the Consumer Price Index (CPI) whichever is lesser.

On February 23, 2012, the lease was amended and modified to include an additional modular facility located on the existing leased premises.

The amended agreement provides the School use of the new modular facility under the same terms and conditions of the original agreement, with no additional rental costs to be added to the original rental amount in connection with the use of the additional modular facility. The amended agreement continues through August 1, 2027.

Finally, Ben Gamla, Inc. entered into a lease agreement with Hollywood Educational Annex, LLC (“the Annex”) for the School’s rental of an area of land to be used as a playing field. The Landlord is an affiliate of the School’s education and support provider (See Note 4). Rent payments under this agreement are \$3,083 per month through the end of the lease term. The agreement continues through July 31, 2027.

Lease payments are allocated between the School and Ben Gamla Charter School North based on enrollment and usage of facility. The allocation used for 2020, was approximately 23% for Ben Gamla Charter School North and 77% for the School.

For 2020, rent expense totaled \$719,986. Future minimum payments under the leases (to be shared with Ben Gamla Charter School North) are as follows:

<u>Year</u>	
2021	\$ 943,450
2022	\$ 944,188
2023	\$ 944,188
2024	\$ 944,188
2025	\$ 944,188
2026-2027	\$ 1,888,376 (for a two year period)

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 6 – Commitments, Contingencies and Concentrations (continued)

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School, up to and including 250 students. For the year ended June 30, 2020, administrative fees totaled \$35,757.

On January 21, 2020 the Centers for Disease Control and Preventions (CDC) confirmed the first case of 2019 Novel Coronavirus (COVID-19) in the United States. The ongoing spread of the new COVID-19 has become a threat to the global economy and financial markets. Pursuant to local emergency orders, the School converted to distance learning on March 13, 2020 for the remainder of the school year. In addition, the School will begin the 2020-2021 school year under distance learning. The ultimate effect of COVID-19 on the School and its future operations cannot presently be determined.

Note 7 – Long Term Debt

On January 23, 2018, The National Ben Gamla Charter School Foundation, Inc. obtained financing on behalf of the School from a financial institution for a loan balance of \$333,333 (amount is 1/3 of the total loan balance of \$1,000,000 split with another charter school). The long-term debt will be repaid in 60 monthly principal and interest payments at a fixed interest rate of 4.35%. As of June 30, 2020, the outstanding principal balance was \$182,010. The loan is collateralized by restricted cash held by other divisions of The National Ben Gamla Charter School Foundation, Inc. The School's debt agreements contain various covenants, restrictions, and financial test requirements. In the event of default, the maturity can be accelerated and/or the underlying collateral may be forfeited.

Paycheck Protection Program Loan

On May 5, 2020, the Organization was granted a loan from a financial institution in the aggregate amount of \$1,583,900, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 7 – Long Term Debt (continued)

The loan, which was in the form of a note dated May 5, 2020 issued by The National Ben Gamla Charter School Foundation, Inc., matures on May 5, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on December 5, 2020 with interest accruing during the deferral period (May 5, 2020 – December 5, 2020). The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. As of June 30, 2020, the School did not expend any of the loan proceeds which will be distributed equitably among the network schools in accordance with the CARES Act. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The following schedule provides a summary of changes in long-term debt for the year:

	Balance 06/30/19	Proceeds	Repayment	Balance 06/30/20
Notes Payable	\$246,682	\$ -	\$ (64,672)	\$ 182,010
Note Payable- PPP Loan	-	1,583,900		1,583,900
Total Long Term Payables	<u>\$246,682</u>	<u>\$1,583,900</u>	<u>\$ (64,672)</u>	<u>\$1,765,910</u>

Future minimum payments for the loans are as follows:

Year	Principal	Interest
2021	\$ 680,789	\$ 23,604
2022	1,041,452	8,472
2023	43,669	647
Total	<u>\$1,765,910</u>	<u>\$ 32,723</u>

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource Group, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Ben Gamla Charter School Hollywood

(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)

Notes to Financial Statements

June 30, 2020

Note 9 – Inter-fund Transfers

Inter-fund transfers between governmental funds as of June 30, 2020 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund Non - Major	Debt Service Fund Non - Major
To fund lunch deficit	\$ (37,271)	\$ 37,271	\$ -	\$ -
To fund debt service fund for principal and interest payments	(74,304)	-	-	74,304
Total Transfers, net	<u>\$ (111,575)</u>	<u>\$ 37,271</u>	<u>\$ -</u>	<u>\$ 74,304</u>

	General Fund	Special Revenue Fund	Capital Projects Fund Non - Major	Debt Service Fund Non - Major
Due to General Fund from Capital Projects Fund for capital outlay	\$ 19,394	\$ -	\$ (19,394)	\$ -
Total Due from/(Due to)	<u>\$ 19,394</u>	<u>\$ -</u>	<u>\$ (19,394)</u>	<u>\$ -</u>

Note 10 – Defined Contribution Retirement Plan

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$15,548 for the year ended June 30, 2020. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,632,001	\$ 3,702,710	\$ 3,680,204
Charges for services and other revenue	115,544	156,473	164,443
Total Revenues	<u>3,747,545</u>	<u>3,859,183</u>	<u>3,844,647</u>
EXPENDITURES			
Current:			
Instruction	1,997,053	2,090,379	2,088,052
Student support services	1,500	6,500	5,792
Board	32,170	31,195	31,195
General administration	36,320	35,778	35,757
School administration	437,355	366,795	353,055
Fiscal services	75,000	75,900	75,900
Central services	93,000	110,900	107,256
Operation of plant	812,205	764,635	720,031
Maintenance of plant	167,000	136,000	125,803
Administrative technology services	16,496	18,013	16,793
Community services	12,000	37,841	37,712
Total Current Expenditures	<u>3,680,099</u>	<u>3,673,936</u>	<u>3,621,775</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>67,446</u>	<u>185,247</u>	<u>222,872</u>
Capital Outlay	<u>21,000</u>	<u>21,000</u>	<u>20,551</u>
Total Expenditures	<u>3,701,099</u>	<u>3,694,936</u>	<u>3,642,326</u>
Excess (Deficit) of Revenues Over Expenditures	46,446	164,247	202,321
Other financing sources (uses):			
Transfers in (out)	<u>(113,232)</u>	<u>(123,172)</u>	<u>(111,575)</u>
Net change in fund balance	(66,786)	41,075	90,746
Fund Balance at beginning of year	<u>290,486</u>	<u>290,486</u>	<u>290,486</u>
Fund Balance at end of year	<u>\$ 223,700</u>	<u>\$ 331,561</u>	<u>\$ 381,232</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Ben Gamla Charter School Hollywood
(A charter school under The National Ben Gamla Charter School Foundation, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2020

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 30,000	\$ 30,000	\$ 31,579
Charges for Services	27,000	23,450	24,086
Total Revenues	57,000	53,450	55,665
EXPENDITURES			
Current:			
Food services	95,232	98,622	92,936
Total Current Expenditures	95,232	98,622	92,936
Deficit of Revenues Over Current Expenditures	(38,232)	(45,172)	(37,271)
Capital Outlay			
Other Capital Outlay	-	-	-
Total Capital Outlay	-	-	-
Total Expenditures	95,232	98,622	92,936
Deficit of Revenues Over Expenditures	(38,232)	(45,172)	(37,271)
Other financing sources (uses)			
Proceeds from PPP Loan	-	1,585,000	1,583,900
Transfers in (out)	38,232	45,172	37,271
Net change in fund balance	-	1,585,000	1,583,900
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ 1,585,000	\$ 1,583,900

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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
Ben Gamla Charter School Hollywood
Hollywood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ben Gamla Charter School Hollywood (the “School”) as of, and for the year ended June 30, 2020, 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 29, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter dated September 29, 2020 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "HLB Gravier, LLP". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2020



MANAGEMENT LETTER

To the Board of Directors of
Ben Gamla Charter School Hollywood
Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of Ben Gamla Charter School Hollywood, Florida as of and for the year ended June 30, 2020 and have issued our report thereon dated September 29, 2020.

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.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 29, 2020, 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. Corrective actions have been taken to address 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 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 is Ben Gamla Charter School Hollywood, (W/L#5410).

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter 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 Ben Gamla Charter School Hollywood maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that Ben Gamla Charter School Hollywood maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Status of Prior Years' Findings and Recommendations

ML – 18-01 INTERNAL ACCOUNT DEPOSITS (This was an observation in the preceding and the second preceding audit report)

Recommendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

Status: During our current year audit procedures, we noted no exceptions regarding the School's internal account deposit process.

ML – 19-01 INTERNAL ACCOUNT DISBURSEMENTS

Recommendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all disbursements of funds are properly documented, approved, and authorized prior to checks or other method of payment are issued.

Status: During our current year audit procedures, we noted no exceptions regarding the School’s internal account disbursement process.

ML – 19-02 CAPITAL ASSETS

Recommendation: We recommend that the School perform an annual inventory of all capital assets and reconcile to the capital asset ledgers recorded on the School’s books.

Status: The School has adopted financial policies and procedures regarding capital assets, to include a formal process of reconciling the capital assets inventory to the School’s trial balance.

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 Florida House of Representatives, the Florida Auditor General, School Board of Broward County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2020