
EXCELSIOR CHARTER OF BROWARD, INC.

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

MARK ESCOFFERY, P.A.
CERTIFIED PUBLIC ACCOUNTANT

EXCELSIOR CHARTER OF BROWARD, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Excelsior Charter of Broward, Inc.
18200 N.W. 2nd Avenue
Miami Gardens, Florida 33309

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, Excelsior Charter of Broward, Inc. ("the School") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2021, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board Members of
Excelsior Charter of Broward, Inc.
18200 N.W 2nd Avenue
Miami Gardens, Florida 33309
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Opinion


In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, I have also issued my report dated September 24, 2021, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be considered in assessing the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 24, 2021

**EXCELSIOR CHARTER OF BROWARD, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Our discussion and analysis of Excelsior Charter of Broward, Inc (“the School”) financial program provides an overview of the School’s financial activities for the year ended June 30, 2021.

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

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

NON FINANCIAL HIGHLIGHTS

The School’s daily enrollment for fiscal year ended June 30, 2021 was approximately 186. The School expects to have an enrollment of 200 students for the school year 2021-2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

**EXCELSIOR CHARTER OF BROWARD, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont’d.)

Fund Financial Statements (Cont’d.)

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

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School’s financial position. The School’s assets exceeded liabilities by \$337,708 at June 30, 2021.

NET ASSETS

	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
Current and Other Assets	\$ 354,904	\$ 492,941
Capital Assets	54,958	26,925
Total Assets	<u>\$ 409,862</u>	<u>\$ 519,866</u>
Other Liabilities	72,154	216,645
Total Liabilities	<u>\$ 72,154</u>	<u>\$ 216,645</u>
Investment in Capital Assets	\$ 54,958	\$ 26,925
Unrestricted	282,750	276,296
Total Net Position	<u>\$ 337,708</u>	<u>\$ 303,221</u>

Revenues from governmental activities totaled \$1,853,618 for the year ended June 30, 2021. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 76.7% of total revenue.

**EXCELSIOR CHARTER OF BROWARD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>% of Total</u>		<u>% of Total</u>	
	<u>6/30/21</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/20</u>
State Sources	\$ 1,550,461	77.4	\$ 1,386,638	77.4
Local Sources	303,157	14.1	253,225	14.1
Federal Sources	15,768	8.5	152,427	8.5
TOTAL	\$ 1,869,386	100.00	\$ 1,792,290	100.00

Federal Revenue Sources are primarily The National School Lunch Program (NSLP) and Title 1 grants and other state grants.

Increases in levels of expenses for major functions of the School are shown in the following Table:

<u>Expense</u>	<u>% of Total</u>		<u>% of Total</u>	
	<u>6/30/21</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/20</u>
Instruction	\$ 639,154	34.6	\$ 752,084	41.2
Instructional Support Services	23,465	1.3	16,200	0.9
Board Services	201,800	11.0	10,226	0.6
School Administration	174,620	9.5	171,855	9.4
General Administration	69,237	3.8	68,359	3.7
Fiscal Services	274,522	15.1	123,222	6.8
Food Services	23,434	1.2	108,717	6.0
Pupil Transportation	8,722	0.5	63,785	3.5
Operation of Plant	355,142	19.5	446,295	24.5
Maintenance of Plant	39,661	2.2	51,865	2.8
Administrative	6,031	0.3	-	-
Technology				
Depreciation	19,111	1.0	11,206	0.6
TOTAL	\$ 1,834,999	100.0	\$ 1,823,814	100.0

BUDGETARY HIGHLIGHTS

Program revenues were approximately \$ 76,000 more than budgeted due to more grants received to offset the effects of Covid-19.

School Expenditures were higher than budgeted by approximately \$191,000 because advances to Everest Charter school were written off during 2021.

Total fund balance of the General Fund was \$287,250 at June 30, 2021.

EXCELSIOR CHARTER OF BROWARD, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSETS

The School’s investment in capital assets at June 30, 2021 was \$54,958 (net of depreciation). The investment includes leasehold improvements, furniture and fixtures, equipment and software. The following is a summary of capital assets balances at June 30, 2021:

Leasehold Improvements	\$ 164,847
Furniture, Fixtures and Equipment	171,157
Motor Vehicle	<u>8,000</u>
	344,004
Less Accumulated Depreciation	<u>289,046</u>
	<u>\$ 54,958</u>

LONG-TERM DEBT

During 2020, the School was granted a loan from Wells Fargo Bank in the aggregate amount of \$160,527, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 5, 2020 issued by Wells Fargo Bank matures on May 5, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. 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 loan is recorded as a current note payable at June 30, 2020. The loan was forgiven during 2021

PROSPECTS FOR THE FUTURE

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

- The Administration believes that the School will improve its rating from the Department of Education.
- The Administration believes that the School will continue to be successful and contribute to the educational requirements of Broward County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Raul Baez, Executive Director, Excelsior Charter of Broward, Inc., at 18200 N.W. 2nd Avenue, Miami Gardens, Florida 33309.

EXCELSIOR CHARTER OF BROWARD, INC.
Governmental Funds Balance Sheet
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
ASSETS			
Cash	\$248,414		\$248,414
Grants receivable		56,490	56,490
Deposits	<u>50,000</u>		<u>50,000</u>
Total Assets	<u><u>298,414</u></u>	<u><u>56,490</u></u>	<u><u>354,904</u></u>
LIABILITIES			
Accounts Payable	24,429		24,429
Payroll taxes payable	47,725		47,725
Deferred revenue			-
Other liabilities			-
Total Liabilities	<u><u>72,154</u></u>	<u><u>-</u></u>	<u><u>72,154</u></u>
FUND BALANCE			
Restricted			
Committed			
Unassigned	<u>226,260</u>	<u>56,490</u>	<u>282,750</u>
	<u>226,260</u>	<u>56,490</u>	<u>282,750</u>
Total Liabilities and Fund Balance	<u><u>\$298,414</u></u>	<u><u>\$56,490</u></u>	<u><u>\$354,904</u></u>

The accompanying notes are an integral part of this statement

EXCELSIOR CHARTER OF BROWARD, INC.
STATEMENT OF NET POSITION
For the Year ended June 30, 2021

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	248,414		248,414
Grants Receivable	1130	56,490		56,490
Deposits	1210	50,000		50,000
Other current assets	1220			0
Due from other agencies	1230			0
Leasehold Improvements	1320	164,847		164,847
Less Accumulated Depreciation	1329	(122,147)		(122,147)
Furniture, Fixtures and equipment	1340	171,157		171,157
Less Accumulated Depreciation	1349	(163,766)		(163,766)
Motor Vehicles	1350	8,000		8,000
Less Accumulated Depreciation	1359	(3,133)		(3,133)
Computer Software	1382			
Less Accumulated Depreciation	1389			
Total Assets		409,862		409,862
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170	47,725		
Accounts Payable	2120	24,429		24,429
Deferred revenue	2410			
Other Liabilities	21XX			
Bonds Payable	2320			
Total Liabilities		72,154		72,154
NET POSITION				
Invested in Capital Assets, Net of Related Debt		54,958		54,958
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		282,750		282,750
Total Net Position		337,708		337,708

The accompanying notes are an integral part of this statement

EXCELSIORCHARTER OF BROWARD, INC.
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Position
June 30, 2021

Fund Balance- Governmental Funds \$282,750

Capital assets used in governmental activities are not financial resources and therefore are not reported in the

Governmental capital assets	344,004	
Less accumulated depreciation	<u>(289,046)</u>	
		54,958

Some expenses reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Net Position of Governmental Activities \$337,708

The accompanying notes are an integral part of this statement

EXCELSIOR CHARTER OF BROWARD, INC.
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2021

	<u>Governmental Funds</u>	<u>Special Revenue</u>	<u>Total</u>
EXPENSES			
Instructional Services	\$360,833	\$281,544	\$642,377
Instruction Support Services	23,465		23,465
Board Fees	201,800		201,800
General Administration	69,237		69,237
School Administration	174,620		174,620
Fiscal Services	274,522		274,522
Pupil Transportation Services	8,722		8,722
Food Services		23,434	23,434
Operation of Plant	351,835	47,228	399,063
Maintenance of Plant	39,661		39,661
Administrative Technology	6,031		6,031
Total Expenses	<u>1,510,726</u>	<u>352,206</u>	<u>1,862,932</u>
PROGRAM REVENUES			
Florida Education Finance Program (FEFP)	1,421,487		1,421,487
Capital Grants and Contributions			-
Total Program Revenues	<u>1,421,487</u>	<u>-</u>	<u>1,421,487</u>
GENERAL REVENUES			
Other Federal sources		303,157	303,157
Other State sources		128,974	128,974
Other local sources	15,768		15,768
Total General Revenues	<u>15,768</u>	<u>432,131</u>	<u>447,899</u>
Excess of Revenues over expenses	(73,471)	79,925	6,454
Transfers in	23,435		23,435
Transfers out		(23,435)	(23,435)
Fund balance, beginning of Year	276,296	-	276,296
Fund balance, end of year	<u>\$226,260</u>	<u>\$ 56,490</u>	<u>\$282,750</u>

The accompanying notes are an integral part of this statement

EXCELSIOR CHARTER OF BROWARD, INC.
STATEMENT OF ACTIVITIES
June 30, 2021

FUNCTIONS	Account Number	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:							
Instructional Services	5100	\$639,154		\$408,697		(\$230,457)	(\$230,457)
Instruction Support Services	5100	23,465				(23,465)	(23,465)
Board Fees	5100	201,800				(201,800)	(201,800)
General Administration	7200	69,237				(69,237)	(69,237)
School Administration	7300	174,620				(174,620)	(174,620)
Fiscal Services	7500	274,522				(274,522)	(274,522)
Pupil Transportation Services	7800	8,722				(8,722)	(8,722)
Food Services	7600	23,434		23,434		-	-
Operation of Plant	7900	355,142				(355,142)	(355,142)
Maintenance of Plant	8100	39,661				(39,661)	(39,661)
Administrative Technology	9100	6,031				(6,031)	(6,031)
Unallocated Depreciation Expense *		19,111				(19,111)	(19,111)
Total governmental activities		1,834,899	-	432,131	-	(1,402,768)	(1,402,768)

Taxes:

Florida Education Finance Program (FEFP)	1,421,487	1,421,487
Grants and contributions not restricted to specific programs	15,768	15,768
Total general revenues, special items, and transfers	1,437,255	1,437,255
Change in net position	34,487	34,487
Net position-beginning	303,221	303,221
Prior period adjustment	-	-
Net position-ending	\$337,708	\$337,708

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

The accompanying notes are an integral part of this statement

EXCELSIOR CHARTER OF BROWARD, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2021

Net Changes in Fund Balances- Governmental Funds	\$6,454
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Amounts reported for governmental activities in the

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

Expenditures for capital assets	47,143	
Less current year depreciation	(19,110)	
	28,033	28,033

Change in Net Position of Governmental Activities	<u>\$34,487</u>
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The accompanying notes are an integral part of this statement

EXCELSIOR MIDDLE CHARTER OF BROWARD, INC.

Statement of Revenues, Expenditures and Changes

In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types

For the Fiscal Year Ended June 30, 2021

	Special Revenue						TOTAL		
	Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:									
Instructional Services	\$581,155	\$360,833	(\$220,322)	\$157,848	\$281,544	(123,696)	\$739,003	\$642,377	(\$96,626)
Instruction Support Services	5,000	23,465	18,465				5,000	23,465	18,465
Board Fees	10,357	201,800	191,443				10,357	201,800	191,443
General Administration	71,153	69,237	(1,916)				71,153	69,237	(1,916)
School Administration	213,369	174,620	(38,749)				213,369	174,620	(38,749)
Fiscal Services	112,740	274,522	161,782				112,740	274,522	161,782
Pupil Transportation Services	30,440	8,722	(21,718)				30,440	8,722	(21,718)
Food Services			-	95,700	23,434	(72,266)	95,700	23,434	(72,266)
Operation of Plant	365,038	351,835	(325,377)		47,228		365,038	399,063	34,025
Maintenance of Plant	24,000	39,661	15,661				24,000	39,661	15,661
Administrative Technology	-	6,031	6,031				-	6,031	6,031
	<u>1,413,252</u>	<u>1,510,726</u>	<u>(220,731)</u>	<u>253,548</u>	<u>352,206</u>	<u>(195,962)</u>	<u>1,666,800</u>	<u>1,862,932</u>	<u>190,101</u>
PROGRAM REVENUES:									
Florida Education Finance Program	1,396,871	1,421,487	24,616				1,396,871	1,421,487	24,616
	<u>1,396,871</u>	<u>1,421,487</u>	<u>24,616</u>				<u>1,396,871</u>	<u>1,421,487</u>	<u>24,616</u>

The accompanying notes are an integral part of this statement

EXCELSIOR CHARTER OF BROWARD, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2021

	Special Revenue						TOTAL		
	Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
GENERAL REVENUES:									
Other federal sources				69,536	303,157	233,621	211,330	303,157	91,827
Other State sources	1,602			88,312	128,974				
Other local sources	31,380	15,768	(15,612)	95,700			31,380	15,768	(15,612)
	<u>32,982</u>	<u>15,768</u>	<u>(15,612)</u>	<u>253,548</u>	<u>432,131</u>	<u>233,621</u>	<u>242,710</u>	<u>318,925</u>	<u>76,215</u>
Excess of Expenditures over Revenues	<u>\$ 16,601</u>	<u>(73,471)</u>	<u>\$229,735</u>	<u>\$ -</u>	<u>\$ 79,925</u>	<u>\$ 37,659</u>	<u>(\$27,219)</u>	<u>6,454</u>	<u>\$290,932</u>
Transfers in		23,435						23,435	
Transfers out					(23,435)			(23,435)	
Fund balance, beginning of year		<u>276,296</u>			<u>-</u>			<u>276,296</u>	
Fund balance, end of year		<u>\$226,260</u>			<u>\$ 56,490</u>			<u>\$282,750</u>	

The accompanying notes are an integral part of this statement

**EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Excelsior Charter of Broward, Inc. (“the School”) was established as a nonprofit organization under the laws of the State of Florida and is the reporting entity.

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

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract was renewed for five years and is effective through June 30, 2024. The Contract requires The School Board to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

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

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

Basic Financial Statements

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

**EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (cont'd.)

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

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

Fund Financial Statements

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

General Fund – is the 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 federal grants that are legally restricted to expenditures for particular purposes.

Basis of Accounting

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

Accrual

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

**EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus

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

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

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

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

Use of Estimates

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

Concentration of Credit Risk

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

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

**EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The School measures fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services and Facilities

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

Budgetary Basis of Accounting

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

EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	Life of Lease
Furniture, Fixtures and Equipment	3-10 Years
Software	3 Years

Revenue Sources

Revenues for operations are received primarily from The School Board of Broward County 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 students and related data to The School Board of Broward County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school outlay funds for leasing of school facility.

Fund Balance Classifications

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

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

**EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund Balance Classifications (Cont'd.)

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

Order of Fund Balance Spending Policy

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

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 were as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Leasehold Improvements	\$ 120,927	\$ 43,920	\$ -	\$ 164,847
Furniture, Fixtures and Equipment	167,934	3,223	-	171,157
Motor Vehicle	8,000			8,000
	<u>296,861</u>	<u>47,143</u>	<u>-</u>	<u>344,004</u>
Less Accumulated Depreciation	<u>269,936</u>	<u>19,110</u>	<u>-</u>	<u>289,046</u>
NET CAPITAL ASSETS	<u>\$ 26,925</u>	<u>\$ 28,033</u>	<u>\$ -</u>	<u>\$ 54,958</u>

Depreciation expense of \$19,110 was unallocated during the year ended June 30, 2021.

Beginning balances were adjusted to reflect actual amounts.

NOTE 3 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School's policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

**EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 4 – LONG TERM LIABILITIES

Long Term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Re- ductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note-PPP	160,527	-	160,527	-	-
	\$ -	\$ -	160,527	\$ -	\$ -

During 2020, the School was granted a loan from Wells Fargo Bank in the aggregate amount of \$160,527, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated May 5, 2020 issued by Wells Fargo Bank matures on May 5, 2022 and bears an interest rate of 1% per annum. The School intends to use the entire Loan amount for qualifying expenses. 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 loan was forgiven during the year ended June 30, 2021.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the current fiscal year, the School forgave advances made to Everest Charter and charter school under common management. and Board of Directors. The amount written off during the year was approximately \$185,000.

NOTE 6 – OPERATING AGREEMENTS

The School entered into an Administrative Leadership agreement with Business Performance Best Practices, Inc. to provide monthly consulting services to include: administration leadership, curriculum, contract negotiation, staff development, program implementation, data analysis and business management services. The total amount incurred during the fiscal year ended June 30, 2021, relating to this agreement was \$128,229.

The School additionally entered into Management Agreement with Business Performance Best Practices, Inc. to work with the School to develop an environment of educational excellence and innovation at the School. The Manager has implemented and manages a comprehensive educational program and charter school design. The agreement is effective through the last day of the Charter Contract, as the term may be amended, with the District School Board. The Management Fee is five and a half (5.5%) of the School’s gross revenue. The total amount incurred during the fiscal year ended June 30, 2021 relating to this agreement was \$86,991.

EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – CONTRACTS

The School has a Contract with Charter School Services Corp., to provide accounting, financial management and budgeting services. The terms of the Contract are for 10 years and expires on December 31, 2025. Under the terms of the Contract the Company was to receive \$100 per full time equivalent (FTE) student per year. Fees paid for the year ended June 30, 2021 amounted to \$20,236.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Lease Agreements

The School leases its administrative and classroom facilities under a non-cancelable operating lease that expires in June 2038. Annual rental expenses were approximately \$232,000 for the year ended June 30, 2021. Minimum payments under this lease, assuming the lease will be renewed and also the are as follows:

2022	238,000
2023	246,000
2024	254,000
2025	261,000
2026	269,000
	<u>\$ 1,268,000</u>

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last nine years reveals that settled claims have not exceeded insurance coverage.

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

EXCELSIOR CHARTER OF BROWARD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 24, 2021. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board Members of
Excelsior Charter of Broward, Inc.
18200 N.W. 2nd Avenue
Miami Gardens, Florida 33309

I have audited the financial statements of Excelsior Charter of Broward, Inc. (“the School”) (a nonprofit organization) as of and for the year ended June 30, 2021, and have issued my report thereon dated September 24, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

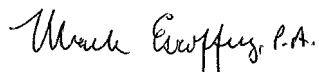
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd.)

To the Board Members of
Excelsior Charter of Broward, Inc.
18200 N.W 2nd Avenue
Miami Gardens, Florida 33309
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

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



Palm Beach Gardens, Florida
September 24, 2021

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

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Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of
Excelsior Charter of Broward, Inc.
18200 NW 2nd Avenue
Miami Gardens, Florida 33309

Report on the Financial Statements

I have audited the financial statements of the Excelsior Charter of Broward, Inc., as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated September 24, 2021.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

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

MANAGEMENT LETTER
(Continued)

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not Excelsior Charter of Broward, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that Excelsior Charter of Broward, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for Excelsior Charter of Broward, Inc. It is management's responsibility to monitor Excelsior Charter of Broward, Inc.'s financial condition and my financial condition assessment was based in part on representations made by management and review of financial information provided by same. Financial assessments made including a review of subsequent financial statements did not indicate that the School's financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether or not Excelsior Charter of Broward, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that Excelsior Charter of Broward, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

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

MANAGEMENT LETTER
(Continued)

Purpose of this Letter

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

Mark Escoffery, P.A.

Mark Escoffery, P.A.
Palm Beach Gardens, Florida
September 24, 2021