

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

BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

Year Ended June 30, 2021

Sunshine Elementary Charter School, Inc.

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Harrison Executive Centre
1930 Harrison Street
Suite 308
Hollywood, FL 33020
Telephone (954) 922-8866
Fax (954) 922-8884
www.infantecocpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sunshine Elementary Charter School, Inc. ("SECS"), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprises Sunshine Elementary Charter School, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of SECS, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and 27 - 28 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 28, 2021, on our consideration of SECS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SECS's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Infante's Company". The signature is written in a cursive, flowing style.

Hollywood, FL
September 28, 2021

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Sunshine Elementary Charter School, Inc.'s ("SECS") financial program provides an overview of SECS'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 SECS's financial statements which begin on page 9.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds - All of SECS'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 SECS's governmental activities and the basic services it provides.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15 – 26 of this report.

HIGHLIGHTS

On May 1, 2019, Capital Trust Agency issued Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019A in the aggregate principal amount of \$7,470,000 (the “Series 2019A Bonds”) and its Taxable Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019B, in the aggregate principal amount of \$390,000 (the “Series 2019B Bonds” and together with the Series 2019A Bonds, the “Series 2019 Bonds”) pursuant to the terms of an Indenture of Trust (the “Indenture”), by and between SECS and Capital Trust Agency and US Bank Trust, as trustee (the “Trustee”) as financing for the purchase of land, building and future improvements. SECS made all its required payments for the year ended June 30, 2021.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of SECS’s financial position. SECS’s assets exceeded liabilities by \$264,774 and \$7,828 at June 30, 2021 and June 30, 2020, respectively.

NET POSITION

	2021	2020	Variance
Current Assets	\$ 1,983,762	\$ 1,482,212	\$ 501,550
Capital Assets	6,719,059	6,575,100	143,959
Total Assets	\$ 8,702,821	\$ 8,057,312	\$ 645,509
Current Liabilities	255,014	190,317	64,697
Non-current Liabilities	8,183,033	7,859,167	323,866
Total Liabilities	\$ 8,438,047	\$ 8,049,484	\$ 388,563

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Net Position

Investments in Capital Assets	\$ (1,129,274)	\$ (1,284,067)	\$ 154,793
Unrestricted	1,108,161	430,253	677,908
Restricted	<u>285,887</u>	<u>861,642</u>	<u>(575,755)</u>
Total Net Position	<u>264,774</u>	<u>7,828</u>	<u>256,946</u>
Total Liabilities and Net Position	<u>\$ 8,702,821</u>	<u>\$ 8,057,312</u>	<u>\$ 645,509</u>

<u>Revenue Sources</u>	<u>2021</u>	<u>2020</u>	<u>Variance</u>
State passed through local school	\$ 2,650,978	\$ 2,617,741	33,237
Federal passed through local schools	389,459	377,516	11,943
Other revenue	<u>172,396</u>	<u>196,468</u>	<u>(24,072)</u>
Total	<u>\$ 3,212,833</u>	<u>\$ 3,191,725</u>	<u>\$ 21,108</u>

The net position decreased as a result of SECS purchasing new equipment and making improvements to the building and property.

Revenues for governmental activities totaled \$3,212,833 and \$3,191,725 for the years ended June 30, 2021 and 2020, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 70% and 74% for 2021 and 2020 of total revenue, respectively. The Federal Lunch Program allows for breakfast and lunch for the students and is the major component of federal funds received. However, there was a decrease in federal lunch program revenue as SECS was closed for over three months as a result of Covid-19.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

	<u>2021</u>	<u>2020</u>	<u>Variances</u>
Instruction	\$ 1,246,626	\$ 1,456,732	\$ (210,106)
Pupil personnel services	66,878	38,408	28,470
Instructional media services	-	3,230	(3,230)
Instruction and curriculum development services	56,012	58,718	(2,706)
Instructional related technology	15,454	8,827	6,627
Board expenses	21,964	47,356	(25,392)
General administration	93,377	92,224	1,153
School administration	251,643	226,545	25,098
Facilities acquisitions & construction	122,091	117,505	4,586
Fiscal services	83,785	85,403	(1,618)
Food services	152,929	226,276	(73,347)
Pupil transportation services	48,035	106,476	(58,441)
Operation of plant	293,553	279,445	14,108
Maintenance of plant	25,980	22,472	3,508
Community activities	-	16,890	(16,890)
Debt service	<u>477,570</u>	<u>490,431</u>	<u>(12,861)</u>
Totals	<u>\$ 2,955,897</u>	<u>\$ 3,276,938</u>	<u>\$ (321,041)</u>

The decrease in instruction cost was the result of a decrease in student count from the prior year. The debt service decreased slightly as SECS didn't have to pay bond related costs in the current school year. Pupil transportation services decrease was related to the school operating on a remote basis for a good portion of the school year which didn't require the use of school buses. Decrease in food services is related to the school operating remotely as well as students weren't at school to receive meals for the entire school year.

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

FUND FINANCIAL ANALYSIS

Key highlights for the fiscal years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Variances</u>
Revenues	\$ 3,212,833	\$ 3,191,725	\$ 21,108
Expenditures	(3,110,680)	(3,272,260)	161,580
Other financing sources	<u>334,700</u>	<u>-</u>	<u>334,700</u>
Change in fund balance	436,853	(80,535)	517,388
Fund balance, beginning of year	<u>1,291,895</u>	<u>1,372,430</u>	<u>(80,535)</u>
Fund balance, end of year	<u>\$ 1,728,748</u>	<u>\$ 1,291,895</u>	<u>\$ 436,853</u>

CURRENT YEAR VS PRIOR YEAR RESULTS – FUND BASIS

The 2020 – 2021 school year was the fifteenth year that SECS enrolled students. Total revenue was \$3,212,833 and \$3,191,725 for the years ended June 30, 2021 and 2020, respectively. The increase in revenue was the result of the school receiving Covid-19 grants received from the state. Total expenses were \$3,110,680 and \$3,272,260 for the years ended June 30, 2021 and 2020, respectively. The decrease in expenses is primarily attributable to the decrease in instruction costs as the school had to let go of some teachers due to the decrease in enrollment.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenue was \$22,926 less than budgeted as SECS anticipated students to be back in person sooner and aftercare revenue was budgeted to be higher. Total expenses were approximately \$332,000 less than the budget due to a decrease in teacher salaries resulting from a drop in enrollment and a decrease in pupil transportation costs as the budget was set for a full year of transportation.

DEBT MANAGEMENT

The total outstanding bonds payable at June 30, 2021 was \$7,828,333 and the principal payment is coming due by June 30, 2022 for \$20,000. The remainder of the balance is classified as long-term debt due after one year. In addition, SECS received a Paycheck Protection Program loan for \$334,700 and it was forgiven in full in July 2021 and therefore the loan does not have to be repaid.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

PROSPECTS FOR THE FUTURE

On May 1st, 2019, SECS purchased the building they were renting. There are unoccupied buildings on the property which were not used in the past years, and SECS plans to explore their options of utilizing this new found space and updating it to code to generate additional revenue.

REQUESTS FOR INFORMATION

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

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

Statement of Net Position
June 30, 2021

		Governmental Activities
ASSETS		
CURRENT ASSETS		
Cash	\$	1,219,318
Prepaid expenses		3,026
Accounts receivable		64,586
Due from other agencies		12,334
Restricted cash held by trustee		684,498
Total current assets		1,983,762
CAPITAL ASSETS		
Land		2,879,980
Capital assets, net of accumulated depreciation		
Building, furniture, fixtures and equipment		3,839,079
Total capital assets		6,719,059
Total assets	\$	8,702,821
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Salaries and wages payable	\$	140,635
Accounts payable		57,990
Deferred revenue		56,389
Due to other agencies		-
Total current liabilities		255,014
NON-CURRENT LIABILITIES		
Portion due within one year		
Bonds payable		18,333
Portion due after one year		
Paycheck protection program loan		334,700
Bonds payable		7,830,000
Total non-current liabilities		8,183,033
Total liabilities		8,438,047
NET POSITION		
Investment in Capital Assets		(1,129,274)
Unrestricted		1,108,161
Restricted		285,887
Total net position		264,774
Total liabilities and net position	\$	8,702,821

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

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

Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 1,246,626	\$ -	\$ 187,609	\$ -	\$ (1,059,017)
Pupil personnel services	66,878	-	-	-	(66,878)
Instructional media services	-	-	-	-	-
Instruction and curriculum development services	56,012	-	56,012	-	-
Instructional staff training	-	-	-	-	-
Instructional related technology	15,454	-	-	-	(15,454)
Board expenses	21,964	-	-	-	(21,964)
General	93,377	-	-	-	(93,377)
School administration	251,643	-	-	-	(251,643)
Facilities acquisition & construction	122,091	-	-	5,721	(116,370)
Fiscal services	83,785	-	-	-	(83,785)
Food services	152,929	-	128,268	-	(24,661)
Pupil transportation	48,035	-	-	-	(48,035)
Operation of plant	293,553	-	17,570	-	(275,983)
Maintenance of plant	25,980	-	-	-	(25,980)
Community services	-	-	-	-	-
Debt service	477,570	-	-	176,893	(300,677)
Total governmental activities	\$ 2,955,897	\$ -	\$ 389,459	\$ 182,614	(2,383,824)
General Revenues					
State through local school district					2,468,364
Investment earnings					43
Miscellaneous revenues					172,353
Total General Revenues					2,640,760
Change in net position					256,936
Net position, July 1, 2020					7,838
Net position, June 30, 2021					\$ 264,774

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

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

Balance Sheet - Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS					
Cash	\$ 1,219,318	\$ -	\$ -	\$ -	\$ 1,219,318
Due from funds	415,875	53,397	-	-	469,272
Prepaid expenses	3,026	-	-	-	3,026
Accounts receivable	2,133	62,453	-	-	64,586
Due from other agencies	12,334	-	-	-	12,334
Restricted cash held by trustee	-	-	603,159	81,339	684,498
Total Assets	<u>\$ 1,652,686</u>	<u>\$ 115,850</u>	<u>\$ 603,159</u>	<u>\$ 81,339</u>	<u>\$ 2,453,034</u>
LIABILITIES					
Salaries and wages payable	\$ 138,705	\$ 1,930	\$ -	\$ -	\$ 140,635
Accounts payable	17,723	100	40,168	-	57,991
Deferred revenue	-	56,388	-	-	56,388
Due to funds	53,397	57,432	358,443	-	469,272
Due to other agencies	-	-	-	-	-
Total Liabilities	<u>209,825</u>	<u>115,850</u>	<u>398,611</u>	<u>-</u>	<u>724,286</u>
FUND BALANCES					
Nonspendable	3,026	-	-	-	3,026
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	204,548	81,339	285,887
Unassigned	1,439,835	-	-	-	1,439,835
Total Fund Balances	<u>1,442,861</u>	<u>-</u>	<u>204,548</u>	<u>81,339</u>	<u>1,728,748</u>
Total Liabilities and Fund Balances	<u>\$ 1,652,686</u>	<u>\$ 115,850</u>	<u>\$ 603,159</u>	<u>\$ 81,339</u>	<u>\$ 2,453,034</u>

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

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

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021**

Fund Balance - Governmental Funds	\$	1,728,748
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$	7,167,413
Less accumulated depreciation		<u>(448,354)</u>
		6,719,059
<p>Loan proceeds are reported as financing sources in the general fund and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing a loan increases long-term liabilities and does not affect the Statement of Activities.</p>		
		(334,700)
<p>Debt proceeds are reported as financing sources in the capital projects fund and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing bond debt increases long-term liabilities and does not affect the Statement of Activities.</p>		
		<u>(7,848,333)</u>
Net Position of Governmental Activities	\$	<u><u>264,774</u></u>

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

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

Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Federal passed through local school district	\$ -	\$ 384,650	\$ -	\$ -	\$ 384,650
State passed through local school district	2,650,978	4,809	-	-	2,655,787
Interest income	-	-	34	9	43
Other revenue	161,353	-	11,000	-	172,353
TOTAL REVENUES	2,812,331	389,459	11,034	9	3,212,833
EXPENDITURES/EXPENSES					
Instruction	1,070,427	187,609	-	-	1,258,036
Pupil personnel services	66,878	-	-	-	66,878
Instructional media services	-	-	-	-	-
Instruction and curriculum development services	-	56,012	-	-	56,012
Instructional staff training	-	-	-	-	-
Instructional related technology	15,454	-	-	-	15,454
Board expenses	21,964	-	-	-	21,964
General	93,377	-	-	-	93,377
School administration	251,511	-	-	-	251,511
Facilities acquisition & construction	3,181	-	-	251,765	254,946
Fiscal services	83,785	-	-	-	83,785
Food services	-	151,648	-	-	151,648
Pupil transportation	48,035	-	-	-	48,035
Operation of plant	294,649	-	-	-	294,649
Maintenance of plant	25,979	-	-	-	25,979
Community services	-	-	-	-	-
Debt service:					
Repayment of principal	-	-	10,833	-	10,833
Bond fees	-	-	24,698	-	24,698
Interest	-	-	452,875	-	452,875
Total expenditures	1,975,240	395,269	488,406	251,765	3,110,680
Excess (deficit) of revenues over expenses	837,091	(5,810)	(477,372)	(251,756)	102,153
Other Financing Sources					
Proceeds from Paycheck Protection Program loan	334,700	-	-	-	334,700
Transfers in	410,116	-	539,299	30,000	979,415
Transfers (out)	(569,299)	(504)	(409,611)	(1)	(979,415)
Total Other Financing Sources	175,517	(504)	129,688	29,999	334,700
Net Change in Fund Balance	1,012,608	(6,314)	(347,684)	(221,757)	436,853
Fund balances, July 1, 2020	430,253	6,314	552,232	303,096	1,291,895
Fund balances, June 30, 2021	\$ 1,442,861	\$ 0	\$ 204,548	\$ 81,339	\$ 1,728,748

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

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

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2021**

Net Change in fund balances - governmental funds	\$	436,853
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Amounts reported for governmental activities in the statement of net position are different because:

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

Expenditures for capital assets	\$	273,533	
Less current year depreciation		<u>(129,583)</u>	
			143,950

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of the differences in the treatment of long-term debt and related items decreased net position. For the year ended June 30, 2021, these consist of:

PPP loan issuance			(334,700)
Repayment of long-term debt			<u>10,833</u>
Change in Net Position of Governmental Activities	\$		<u><u>256,936</u></u>

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

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

The general operating authority of SECS is under Florida Statutes 228.056(7) as a Charter School Contract with the District School Board of Broward County, Florida. Under the Charter, SECS provides education to children from kindergarten through the fifth grade in Broward County. The Contract was extended again for an additional five year term and is now effective through June 30, 2026.

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

2. Government-Wide and Fund Financial Statements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-Wide and Fund Financial Statements (continued)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-Wide and Fund Financial Statements (continued)

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

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

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

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

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

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

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

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

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
A Charter School and Component Unit of the
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Debt Service Fund – to account for the proceeds and servicing of debt sources that are legally restricted to expenditures for loan agreement related to the bond issuance.

Capital Projects Fund - to account for the proceeds Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

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

4. Budgetary Basis Of Accounting

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

5. Cash

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

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by SECS as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2021, SECS recorded net capital assets of \$6,719,059.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital Assets (continued)

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

Asset Type	Estimated Useful Lives
Building	35
Improvements other than building	20
Computer equipment	3
Furniture, fixture and equipment	6-7

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

7. Revenue Sources

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

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

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

8. Use of Estimates

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
A Charter School and Component Unit of the
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Income Taxes

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

SECS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. SECS's federal income tax returns for 2019-2021 remain subject to examination by major tax jurisdictions.

NOTE B – CONCENTRATIONS

1. Revenue Sources

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

<u>Sources</u>	<u>Amounts</u>
State funding through local district	\$ 2,655,787
Federal passed through local district	384,650
Other	<u>172,396</u>
	<u>\$ 3,212,833</u>

2. Cash

Under Chapter 280, Florida Statutes, SECS's deposits must be placed in banks and savings and loans which are qualified as public depositories. SECS maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging Securities with the State Treasurer and collateral pool. As of June 30, 2021 uninsured deposit balance totaled approximately \$1,002,000.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
A Charter School and Component Unit of the
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE C – CAPITAL ASSETS

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

	Balance at June 30, 2020	Additions	Adjustments and Deletions	Balance at June 30, 2020
Capital assets depreciated:				
Building	\$ 3,603,311	\$ -	\$ -	\$ 3,603,311
Improvements & equipment	243,989	256,946	-	500,935
Furniture, fixtures & equipment	<u>166,601</u>	<u>16,585</u>	<u>-</u>	<u>183,186</u>
Total assets depreciated	<u>\$ 4,013,901</u>	<u>\$ 273,531</u>	<u>\$ -</u>	<u>\$ 4,287,432</u>
Capital assets not being depreciated				
Land	<u>\$ 2,879,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,879,980</u>
Total assets not depreciated	<u>\$ 2,879,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,879,980</u>
Total capital assets	<u>\$ 6,893,881</u>	<u>\$ 273,531</u>	<u>\$ -</u>	<u>\$ 7,167,412</u>
Less Accumulated depreciation				
Building	\$ 120,111	\$ 102,952	\$ -	\$ 223,063
Improvements & equipment	46,387	20,043	-	66,430
Furniture, fixtures & equipment	<u>152,273</u>	<u>6,588</u>	<u>-</u>	<u>158,861</u>
Total assets depreciated	<u>\$ 318,771</u>	<u>\$ 129,583</u>	<u>\$ -</u>	<u>\$ 448,354</u>
Total governmental activities				
Capital assets, net				<u>\$ 6,719,059</u>

Depreciation expense of \$129,583 was charged between the instruction, food services, administration, facilities and acquisition and plant operation functions for the year ended June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE D – COMMITMENTS

On January 1, 2012, SECS signed a non-cancelable operating lease with another charter school effective July 1, 2012 for a new facility. In April 2013, the lease was amended to extend the term to 15 years commencing August 1, 2013 with static increases in 2014 and 2015 followed by increases of 2% annually starting in 2016. On May 1st, 2019 this lease was terminated as a result of SECS purchasing the building through a bond issuance (see Note F). In addition, SECS leases a copier and modular portable classrooms (modular classrooms are on a month to month lease). Rent expense for the year ended June 30, 2021 was \$25,934.

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

June 30:	
2022	\$ <u>4,751</u>
Total	\$ <u><u>4,751</u></u>

NOTE E – RELATED PARTY

As discussed in Note D, SECS shares a facility with another charter school, Paragon Academy of Technology, Inc. (“PAT”). Effective May 1, 2019, PAT entered into a lease agreement with SECS to rent a portion of the facility that SECS purchased through the bond issuance. The schools also share certain administrative and maintenance employees, costs to operate the facility and SECS administers the National School Lunch Program for PAT. At June 30, 2021, the total amount owed by PAT for reimbursement of shared costs was \$12,334. Total rent expense received from PAT for the year ended June 30, 2021 was \$139,113.

NOTE F – BONDS PAYABLE

On May 1, 2019, Capital Trust Agency issued Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019A in the aggregate principal amount of \$7,470,000 (the “Series 2019A Bonds”) and its Taxable Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019B, in the aggregate principal amount of \$390,000 (the “Series 2019B Bonds”) and together with the Series 2019A Bonds, the “Series 2019 Bonds”) pursuant to the terms of an Indenture of Trust (the “Indenture”), by and between SECS and Capital Trust Agency and US Bank Trust, as trustee (the “Trustee”) as financing for the purchase of land, building and future improvements. The Series 2019A and 2019B bonds were issued with an underwriter’s discount totaling \$196,500 and that amount was recorded as an expense in the financial statements as part of the debt issuance costs for the year ended June 30, 2019. SECS accounts for each monthly payment made to the trustee as a reduction to the principal, so at June 30, 2021, the total bond payable was \$7,848,333.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
A Charter School and Component Unit of the
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F – BONDS PAYABLE (continued)

The project fund was created as a result of the bond issuance to repair sidewalks and install sewers at the property. The majority of those improvements were made during the year ended June 30, 2021. The project fund had a balance of \$26,028 at June 30, 2021. In addition, a reserve fund was created as result of the bond issuance and as of June 30, 2021, it maintained the required balance of \$561,688. In September 2019, a repair and replacement account was created as required by loan agreement to comply with the Capital Assessment Plan. The repair and replacement fund gets funded \$2,500 per month until June 30, 2024 when the balance reaches \$150,000. At that time, SECS will be required to submit a Capital Assessment Plan prepared by a qualified professional with respect to the facilities detailing a five year comprehensive plan for the facilities. At June 30, 2021, this account had a balance of \$55,311. All bond funds are recorded as restricted in the accompanying financial statements.

As noted in Note D to the financial statements, SECS entered into a lease agreement with PAT that matures on June 1, 2054, the same date as the maturity of the bond. The lease payments will be applied towards the monthly principal and interest payments owed for the bond payments and PAT is required to maintain certain financial covenants to ensure they meet their obligations.

SECS is required to maintain certain financial covenants that began the fiscal year ended June 30, 2020. In addition, there are additional administrative covenants that SECS must follow to remain in compliance with the indenture. SECS has complied with the financial covenants that were required to be presented to the trustee during the fiscal year ended June 30, 2021.

The Series 2019B bonds shall be dated as of their date of original issuance, and shall mature on June 1, 2028, and bear interest payable semiannually on June 1st and December 1st of each year, commencing as of December 1, 2019, at the interest rate per annum of 6%. The principal payments which are required as set forth below:

<u>Payment Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Payment Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>
2022	\$ 20,000	2026	\$ 70,000
2023	30,000	2027	80,000
2024	40,000	2028 *	85,000
2025	55,000		

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
A Charter School and Component Unit of the
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F – BONDS PAYABLE (continued)

2019A bond bears interest payable each June 1st and December 1st, commencing December 1, 2019, with an interest rate of 5.75%. The Series 2019A Bonds maturing on June 1, 2054, are subject to principal payments beginning June 1, 2028, and on June 1st each year thereafter until and including June 1, 2054, at 100% of the principal amount thereof, plus accrued interest to the redemption date, from mandatory payments which are required as set forth below:

<u>Payment Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Payment Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>
2028	\$ 10,000	2043	\$285,000
2029	130,000	2044	300,000
2030	140,000	2045	320,000
2031	145,000	2046	340,000
2032	155,000	2047	355,000
2033	165,000	2048	380,000
2034	175,000	2049	400,000
2035	185,000	2050	425,000
2036	195,000	2051	445,000
2037	205,000	2052	475,000
2038	215,000	2053	500,000
2039	230,000	2054 *	530,000
2040	240,000		
2041	255,000		
2042	270,000		

*Stated maturity

SECS is required to make monthly payments of \$42,885 on the 15th of each month to satisfy the above principal and interest payments for both the Series 2019A and 2019B bond obligations, trustee and other miscellaneous fees. The Trustee is authorized to withdraw these amounts from the school's operating account for SECS to be in compliance with the bond obligations.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
A Charter School and Component Unit of the
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE F – BONDS PAYABLE (continued)

Following are maturities of long-term debt for each of the next five years and thereafter:

June 30,		
2022	\$	18,333
2023		30,000
2024		40,000
2025		55,000
2026		70,000
Thereafter		<u>7,635,000</u>
Total	\$	<u>7,848,333</u>

NOTE E – NONCURRENT LIABILITIES

On March 18, 2021, SECS received a Paycheck Protection Program (PPP) loan in the amount of \$334,700. The loan is guaranteed by the Small Business Administration (SBA). SECS will not have to pay any interest on the loan based on submitting a loan forgiveness application demonstrating that it incurred eligible expenses during the “loan forgiveness covered period,” as defined by the SBA. SECS has an option to elect an eight or 24-week period for the loan forgiveness covered period beginning on the date the loan was disbursed. PAT must submit to its lender a loan forgiveness application within 10 months after the end of its loan forgiveness covered period. By doing so, SECS will not have to make any payments of principal or interest on the loan before the date on which the SBA remits the loan forgiveness amount on the loan to the lender (or notifies the lender that no loan forgiveness is allowed) and the date SECS is notified by the lender that the first payment is due. Interest continues to accrue during the deferment period. If SECS does not submit to its lender a loan forgiveness application within 10 months after the end of its loan forgiveness covered period, it must begin paying principal and interest after the 10-month period subsequent to the loan forgiveness covered period. Interest on the loan is at 1% and the loan is due in full in March 2026.

On July 28, 2021, SECS received notification from the SBA that the PPP loan was forgiven in full and therefore, no debt maturity schedule is being presented as the debt is not owed.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE G – RISK MANAGEMENT

SECS 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. SECS purchases commercial insurance for all material risks of loss to which SECS is exposed, including general liability, property and workers compensation.

SECS did not have any settlements that exceeded insurance coverage for the years ended June 30, 2019 – 2021.

NOTE H – COVID-19

As a result of the COVID-19 pandemic, SECS began the 2020-2021 school year using distance learning. SECS's enrollment has been impacted as a result of COVID-19 as they lost approximately 15% of students to start the 2020-2021 school year. SECS will be making changes to its budget to accommodate the decrease in students. SECS's Management is unable to determine the duration and extent of the financial impact that COVID-19 will have on SECS.

NOTE I – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 28, 2021, which is the date the financial statements became available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Sunshine Elementary Charter School, Inc.
A Charter School and Component Unit of the
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Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2021
(Unaudited)

	Original Budget	Final Budget	General Fund	Variance with Final Budget - Positive (Negative)
Revenues				
Federal passed through local school district	\$ -	\$ -	\$ -	\$ -
State passed through local school district	2,628,705	2,628,705	2,650,978	(22,273)
Interest income	1,369	1,369	-	1,369
Other revenue	205,183	205,183	161,353	43,830
	<u>2,835,257</u>	<u>2,835,257</u>	<u>2,812,331</u>	<u>22,926</u>
Expenses				
Instruction	1,291,486	1,291,486	1,070,427	221,059
Pupil personnel services	73,148	73,148	66,878	6,270
Instructional media services	3,260	3,260	-	3,260
Instruction and curriculum development services	17,284	17,284	-	17,284
Instructional staff training	991	991	-	991
Instructional related technology	6,854	6,854	15,454	(8,600)
Board expenses	13,112	13,112	21,964	(8,852)
General	95,152	95,152	93,377	1,775
School administration	241,365	241,365	251,511	(10,146)
Facilities acquisition & construction	10,000	10,000	3,181	6,819
Fiscal services	87,659	87,659	83,785	3,874
Pupil transportation	107,541	107,541	48,035	59,506
Operation of plant	308,983	308,983	294,649	14,334
Maintenance of plant	26,548	26,548	25,979	569
Community services	24,347	24,347	-	24,347
Debt service	-	-	-	-
	<u>2,307,730</u>	<u>2,307,730</u>	<u>1,975,240</u>	<u>332,490</u>
Revenues over Expenditures	527,527	527,527	837,091	(309,564)
Other Financing Sources				
Proceeds from Paycheck Protection Program loan	-	-	334,700	(334,700)
Transfers in	-	-	410,116	(410,116)
Transfers out	(479,011)	(479,011)	(569,299)	90,288
	<u>(479,011)</u>	<u>(479,011)</u>	<u>175,517</u>	<u>(654,528)</u>
Total Other Financing Sources	(479,011)	(479,011)	175,517	(654,528)
Net Change in Fund Balance	48,516	48,516	1,012,608	(964,092)
Fund Balance, July 1, 2020	<u>430,253</u>	<u>\$ 430,253</u>	<u>\$ 430,253</u>	<u>(0)</u>
Fund Balance, June 30, 2021	<u>\$ 478,769</u>	<u>\$ 478,769</u>	<u>\$ 1,442,861</u>	<u>\$ (964,092)</u>

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

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

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal passed through local school district	\$ 451,562	\$ 451,562	\$ 384,650	\$ 66,912
State passed through local school district	-	-	4,809	(4,809)
Interest income	-	-	-	-
Other revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	451,562	451,562	389,459	62,103
Expenses				
Instruction	96,262	96,262	187,609	(91,347)
Pupil personnel services	2,179	2,179	-	2,179
Instructional media services	-	-	-	-
Instruction and curriculum development services	86,018	86,018	56,012	30,006
Instructional staff training	-	-	-	-
Instructional related technology	-	-	-	-
Board expenses	-	-	-	-
School administration	-	-	-	-
Facilities acquisition & construction	-	-	-	-
Fiscal services	-	-	-	-
Food services	267,189	267,189	151,648	115,541
Pupil transportation	-	-	-	-
Operation of plant	-	-	-	-
Maintenance of plant	-	-	-	-
Community services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	451,648	451,648	395,269	56,379
Revenues over Expenditures	(86)	(86)	(5,810)	5,724
Other Financing Sources				
Transfers in	86	86	-	86
Transfers out	-	-	(504)	504
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	86	86	(504)	590
Fund Balance, July 1, 2020	6,314	6,314	6,314	(0)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, June 30, 2021	\$ 6,314	\$ 6,314	\$ 0	\$ 6,314

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



Members of:

- American Institute of CPAs
 - Center for Audit Quality
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Harrison Executive Centre
1930 Harrison Street
Suite 308
Hollywood, FL 33020
Telephone (954) 922-8866
Fax (954) 922-8884
www.infantecocpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sunshine Elementary Charter School, Inc., (“SECS”, a nonprofit organization), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sunshine Elementary Charter School, Inc.’s basic financial statements and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SECS’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SECS’s internal control. Accordingly, we do not express an opinion on the effectiveness of SECS’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Infante & Company". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

September 28, 2021
Hollywood, Florida



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Harrison Executive Centre
1930 Harrison Street
Suite 308
Hollywood, FL 33020
Telephone (954) 922-8866
Fax (954) 922-8884
www.infantecocpa.com

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

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

Report on the Financial Statements

We have audited the financial statements of the Sunshine Elementary Charter School, Inc., Florida, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 28, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 28, 2021., should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Sunshine Elementary Charter School, Inc. and 5400.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



Infante & Company
Hollywood, FL
September 28, 2021