



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

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

Financial Statements and
Independent Auditors' Report
June 30, 2022

TABLE OF CONTENTS

General Information	1	
Independent Auditors' Report.	2-4	
Management's Discussion and Analysis (Required Supplementary Information)	5-9	
Basic Financial Statements:		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	10	
Statement of Activities.	11	
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds.	12	
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.	13	
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	14	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	15	
Notes to the Basic Financial Statements	16-29	
Required Supplementary Information:		
Budgetary Comparison Schedules	30-31	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		32-33
Management Letter	34-35	

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

W/L #: 5410

2620 Hollywood Boulevard
Hollywood, Florida 33020

2021-2022

BOARD OF DIRECTORS

Debra Klein, Chair, Board Chair and Director
Michelle Gerson, Vice-Chair and Director
Daniel Fernandez, Secretary and Director
Marcus Jadote, Director

SCHOOL ADMINISTRATION

Sharon Miller, Principal



INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Ben Gamla Charter School Hollywood (the "School"), a charter school under The National Ben Gamla Charter School Foundation, Inc. and a component unit of the District School Board of Broward County as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 Ben Gamla Charter School Hollywood as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The National Ben Gamla Charter School Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ben Gamla Charter School Hollywood's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of a Matter – Change in Accounting Principle

As described in Note 7 to the financial statements, in 2022, the School adopted new accounting guidance, GASB Statement No, 87, *Leases*. Our opinion is not modified with respect to this matter.

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Ben Gamla Charter School Hollywood that is attributable to the transactions of the School and is not intended to be a complete presentation of The National Ben Gamla Charter School Foundation, Inc. These financial statements do not purport to, and do not, present fairly the financial position of The National Ben Gamla Charter School Foundation, Inc. as of June 30, 2022 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 5 through 9 and 30 to 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 30, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022

Management’s Discussion and Analysis
Ben Gamla Charter School Hollywood
(A Charter School under The National Ben Gamla Charter School Foundation, Inc.)
June 30, 2022

The corporate officers of The National Ben Gamla Charter School Foundation, Inc. have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

1. The net position of the School at June 30, 2022 was \$485,942.
2. At year-end, the School had current assets on hand of \$754,907.
3. The School had an increase in its net position of \$91,840 for the year ended June 30, 2022.
4. The unassigned fund balance at year end was \$188,822.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

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

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

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

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$485,942 at the close of the fiscal year. A summary of the School's net position as of June 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 614,877	\$ 1,864,824
Investments	30,000	410,000
Prepaid expenses and other assets	28,329	74,498
Deposits receivable	25,777	25,777
Due from other agencies	81,701	-
Capital and right of use assets, net	2,619,533	162,576
Total Assets	<u>\$ 3,400,217</u>	<u>\$ 2,537,675</u>
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	\$ 119,123	\$ 99,433
Salaries and wages payable	138,624	153,688
Notes payable	43,393	1,697,952
Lease liability	2,520,635	-
Due to other charter schools and affiliates	92,500	192,500
Total Liabilities	<u>\$ 2,914,275</u>	<u>\$ 2,143,573</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	\$ 55,505	\$ 48,524
Unrestricted	430,437	345,578
Total Net Position	<u>\$ 485,942</u>	<u>\$ 394,102</u>

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2022 and June 30, 2021 follows:

	<u>2022</u>	<u>2021</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 144,404	\$ 135,735
Capital outlay funding	225,659	274,609
Charges for services and other revenues	150,579	66,003
General Revenues		
Local sources (FTE and other non specific)	2,815,482	3,512,196
Charges for services and other revenues	439,080	31,588
Total Revenues	<u>\$ 3,775,204</u>	<u>\$ 4,020,131</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 1,861,109	\$ 1,910,184
Student support services	-	2,000
Board	26,846	29,228
General administration	-	36,567
School administration	371,191	274,403
Facilities acquisition	4,631	4,631
Fiscal services	56,625	66,975
Food services	122,398	55,731
Central services	85,289	105,354
Operation of plant	747,706	931,563
Maintenance of plant	119,786	178,567
Administrative technology services	25,598	20,316
Community services	124,161	42,764
Debt service	138,024	156,346
Total Expenses	<u>3,683,364</u>	<u>3,814,629</u>
Change in Net Position	91,840	205,502
Net Position at Beginning of Year	394,102	188,600
Net Position at End of Year	<u>\$ 485,942</u>	<u>\$ 394,102</u>

The School's revenue and expenses decreased by \$244,927 and \$131,265, respectively in the current year. The School had an increase in its net position of \$91,840.

School Location and Lease of Facility

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

Capital Improvement Requirements

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$217,151. The fund balance unassigned and available for spending at the School's discretion is \$188,822. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets (including right of use lease assets) as of June 30, 2022 amounts to \$2,619,533 (net of accumulated depreciation and amortization). This investment in capital assets includes buildings, improvements, furniture, fixtures and computer equipment. As of June 30, 2022, the School had \$2,564,028 of long term liabilities associated with its capital assets.

New Accounting Pronouncements Adopted

As described in Note 7, the School adopted GASB Statement No, 87, *Leases*. The effect of the adoption was to capitalize a right of use asset (building) with a corresponding liability which is being amortized over the life of the underlying lease agreement. The overall impact on the financial statements was to record interest and amortization expense related to the underlying asset and liability which results in higher total expenses (compared to pre-adoption) during the early years of the lease agreement.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Operating grants and contributions	\$ 203,354	\$ 65,850	\$ 70,071
Capital grants and contributions	226,655	226,655	225,659
Charges and other revenues	135,850	139,693	142,899
General Revenues			
FTE nonspecific revenues	2,876,537	2,814,898	2,815,482
Charges and other revenues	32,611	47,693	48,940
Total Revenues	<u>\$ 3,475,007</u>	<u>\$ 3,294,789</u>	<u>\$ 3,303,051</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 2,058,670	\$ 1,847,935	\$ 1,838,675
Board	32,025	28,082	26,846
School administration	374,587	372,334	370,948
Fiscal services	63,100	57,068	56,625
Food services	139,988	125,981	122,398
Central services	94,100	86,304	85,289
Operation of plant	266,476	251,298	249,782
Maintenance of plant	128,000	120,741	119,786
Administrative technology services	29,798	28,609	25,598
Community services	125,000	125,769	124,161
Total Current Expenditures	<u>\$ 3,311,744</u>	<u>\$ 3,044,121</u>	<u>\$ 3,020,108</u>

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

Requests for Information

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

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

Statement of Net Position
June 30, 2022

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 614,877
Investments	30,000
Prepaid expenses and other assets	28,329
Due from other agencies	81,701
Total current assets	<u>754,907</u>
Capital assets, depreciable	1,043,884
Less: accumulated depreciation	(885,725)
Right of use lease assets	2,945,579
Less: accumulated amortization	<u>(484,205)</u>
	2,619,533
Deposits and other receivables	<u>25,777</u>
Total Assets	<u>3,400,217</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	119,123
Salaries and wages payable	138,624
Lease liability, current	446,684
Notes payable-equipment loan, current portion	43,393
	<u>747,824</u>
Long term liabilities:	
Lease liability	2,073,951
Due to other charter schools	92,500
Total Liabilities	<u>2,914,275</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
Net Position:	
Net investment in capital assets	55,505
Unrestricted	430,437
Total Net Position	<u>\$ 485,942</u>

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

Statement of Activities
For the year ended June 30, 2022

FUNCTIONS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 1,861,109	\$ -	\$ 96,568	\$ -	\$ (1,764,541)
Board	26,846	-	-	-	(26,846)
School administration	371,191	-	-	-	(371,191)
Facilities acquisition	4,631	-	-	-	(4,631)
Fiscal services	56,625	-	-	-	(56,625)
Food services	122,398	58,944	47,836	-	(15,618)
Central services	85,289	-	-	-	(85,289)
Operation of plant	747,706	7,680	-	225,659	(514,367)
Maintenance of plant	119,786	-	-	-	(119,786)
Administrative technology services	25,598	-	-	-	(25,598)
Community services	124,161	83,955	-	-	(40,206)
Debt service	138,024	-	-	-	(138,024)
Total governmental activities	3,683,364	150,579	144,404	225,659	(3,162,722)
General revenues:					
FTE and other nonspecific revenues					2,815,482
Other revenue					41,260
Paycheck Protection Program Loan Forgiveness					397,820
Change in net position					91,840
Net position, beginning					394,102
Net position, ending					\$ 485,942

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

Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 409,201	\$ 205,676	\$ -	\$ 614,877
Investments	30,000	-	-	30,000
Prepaid expenses and other assets	28,329	-	-	28,329
Due from other agencies	-	7,368	-	7,368
Due from fund	7,368	-	-	7,368
Total Assets	<u>474,898</u>	<u>213,044</u>	<u>-</u>	<u>687,942</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	138,624	-	-	138,624
Accounts payable and accrued expenses	119,123	-	-	119,123
Due to fund	-	7,368	-	7,368
Total Liabilities	<u>257,747</u>	<u>7,368</u>	<u>-</u>	<u>265,115</u>
Deferred Inflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Nonspendable, not in spendable form	28,329	-	-	28,329
Assigned	-	205,676	-	205,676
Unassigned	188,822	-	-	188,822
	<u>217,151</u>	<u>205,676</u>	<u>-</u>	<u>422,827</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 474,898</u>	<u>\$ 213,044</u>	<u>\$ -</u>	<u>\$ 687,942</u>

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2022

Total Fund Balance - Governmental Funds \$ 422,827

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

Capital assets of \$3,989,463 net of accumulated depreciation and amortization of \$1,369,930 used in governmental activities are not financial resources and therefore are not reported in the fund. 2,619,533

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

Receivables in governmental activities not collected within 60 days are not current financial resources and therefore, are not reported in the governmental funds. 74,333

Long term liabilities were not due and payable in the current period and, therefore, are not reported in the funds. (2,656,528)

Total Net Position - Governmental Activities \$ 485,942

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State passed through local	\$ 2,815,482	\$ -	\$ -	\$ 2,815,482
State capital outlay funding	-	-	225,659	225,659
Federal Funds	-	70,071	-	70,071
Charges for services	7,680	142,899	-	150,579
Other revenue	41,260	-	-	41,260
Total Revenues	2,864,422	212,970	225,659	3,303,051
Expenditures:				
Current				
Instruction	1,757,607	81,068	-	1,838,675
Board	26,846	-	-	26,846
School administration	370,948	-	-	370,948
Fiscal services	56,625	-	-	56,625
Food services	-	122,398	-	122,398
Central services	85,289	-	-	85,289
Operation of plant	249,782	-	-	249,782
Maintenance of plant	119,786	-	-	119,786
Administrative technology services	25,598	-	-	25,598
Community services	-	124,161	-	124,161
Capital Outlay:				
Other capital outlay	21,110	15,500	-	36,610
Right of use asset (building)	-	-	2,945,579	2,945,579
Debt Service:				
Repayment of principal	70,659	-	424,944	495,603
Interest	3,646	-	134,378	138,024
Total Expenditures	2,787,896	343,127	3,504,901	6,635,924
Excess (deficit) of revenues over expenditures	76,526	(130,157)	(3,279,242)	(3,332,873)
Other financing sources (uses)				
Transfers in (out)	(429,105)	95,442	333,663	-
Repayment of long-term advances	(100,000)	-	-	(100,000)
Transfer of PPP Loan Forgiveness Proceeds	(1,186,080)	-	-	(1,186,080)
Increases in lease liability	-	-	2,945,579	2,945,579
Net change in fund balance	(1,638,659)	(34,715)	-	(1,673,374)
Fund Balance at beginning of year	1,855,810	240,391	-	2,096,201
Fund Balance at end of year	\$ 217,151	\$ 205,676	\$ -	\$ 422,827

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2022

Net Change in Fund Balance - Governmental Funds \$ (1,673,374)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives. This is the amount by which capital outlays of \$2,982,189 differed from depreciation and amortization expense of \$525,232. 2,456,957

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 74,333

Increases in long term payables provide current financial resources to governmental funds, but increases long term liabilities in the statement of net position. Decreases in long term payables is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This is the amount by which decreases of \$2,179,503 exceeded increases of \$2,945,579. (766,076)

Change in Net Position of Governmental Activities \$ 91,840

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Ben Gamla Charter School Hollywood (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The Schools' charter is held by The National Ben Gamla Charter School Foundation, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of The National Ben Gamla Charter School Foundation, Inc., which is composed of four members and also governs other charter schools. The board has determined that no component units exist that would require inclusion in the School's financial statements.

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

The School is located in Hollywood, Florida for students from kindergarten through eighth grades. These financial statements are for the year ended June 30, 2022, when on average 377 students were enrolled for the school year.

Basis of Presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all other non-major funds aggregated in a single column:

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

Special Revenue Fund – accounts for specific revenues, such as federal funding and federal lunch program that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

Capital Projects Fund - is used to account for the resources restricted for the acquisition or construction of specific capital assets and from state and local capital funding that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

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

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents and Investments

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

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Inter-fund Transfers

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

Due from Other Governments or Agencies

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

Prepaid Expenses and Other Assets

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

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Buildings & Improvements	20 Years
Furniture, Equipment, and Computers	5 Years
Software	3 Years
Right of use asset (building)	7 Years

Compensated Absences

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

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

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

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Long –Term Debt and Liabilities

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

Deferred Outflows/Inflows of Resources

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

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

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

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

The School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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

Net Position and Fund Balance Classifications

Government-wide financial statements

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

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

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

Fund financial statements

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

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

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

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Income Taxes

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

New Accounting Standard Adopted

In fiscal year 2022, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 87 Leases. See Note 7.

In fiscal year 2022, the School adopted GASB issued Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021. These changes were incorporated in the School's 2022 financial statements and had no effect.

Pronouncements Issued But Not Yet Effective

GASB has issued GASBS Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2022, which is the date the financial statements were available to be issued.

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 2 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under The National Ben Gamla Charter School Foundation, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of The National Ben Gamla Charter School Foundation, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was approximately \$1,824,000.

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2022, the School had \$30,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2022, maturities of the fund's portfolio holdings are approximately 87% within 30 days.

Credit Risk

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

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2022, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 3 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2022:

	Balance 07/01/21	Additions	Retirements / Reclassification	Balance 06/30/22
Capital Assets, depreciable:				
Buildings and improvements	\$ 586,975	\$ 21,110	\$ -	\$ 608,085
Computer equipment and software	172,267	15,500	-	187,767
Furniture, equipment and textbooks	248,032	-	-	248,032
Total Capital Assets	<u>1,007,274</u>	<u>36,610</u>	<u>-</u>	<u>1,043,884</u>
Less Accumulated Depreciation:				
Buildings and improvements	(503,358)	(13,540)	-	(516,898)
Computer equipment and software	(152,198)	(7,164)	-	(159,362)
Furniture, equipment and textbooks	(189,142)	(20,323)	-	(209,465)
Total Accumulated Depreciation	<u>(844,698)</u>	<u>(41,027)</u>	<u>-</u>	<u>(885,725)</u>
Capital Assets, net	<u>\$ 162,576</u>	<u>\$ (4,417)</u>	<u>\$ -</u>	<u>\$ 158,159</u>
Lease Assets				
Right of use assets (building)	\$ -	\$ 2,945,579	\$ -	\$ 2,945,579
Less: accumulated amortization	-	(484,205)	-	(484,205)
Lease assets, net	<u>-</u>	<u>2,461,374</u>	<u>-</u>	<u>2,461,374</u>
Governmental Activities Capital Assets, net	<u>\$ 162,576</u>	<u>\$ 2,456,957</u>	<u>\$ -</u>	<u>\$ 2,619,533</u>

For the fiscal year ended June 30, 2022, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	\$ 22,434	\$ -
Facilities Acquisition	4,631	-
School Administration	243	-
Operation of Plant	13,719	484,205
Total Expense	<u>\$ 41,027</u>	<u>\$ 484,205</u>

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 4 – Education Service and Support Provider

Academica Broward, LLC, an education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual education services. The agreement between the School and Academica Broward, LLC calls for a fee on a per student basis. The agreement is with The National Ben Gamla Charter School Foundation, Inc. through June 30, 2023, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2022, the School incurred \$169,875 in fees, of which approximately \$33,000 is included in accounts payable.

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

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

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

The National Ben Gamla Charter School Foundation, Inc. charges its affiliated charter schools an assessment for shared corporate costs and accreditation expenses. Ben Gamla Charter School Hollywood paid The National Ben Gamla Charter School Foundation, Inc. \$56,625 in connection with these charges during the year.

The School has received long-term non-interest bearing advances from other charter schools and divisions of The National Ben Gamla Charter School Foundation, Inc.). The following schedule provides a summary of changes in long-term payables for the year ended June 30, 2022.

	Balance 06/30/21	Increases	Decreases	Balance 06/30/22
Ben Gamla South Broward	\$ 142,500	\$ -	\$ (50,000)	\$ 92,500
Ben Gamla High School	50,000	-	(50,000)	-
Total Long-Term Payables	<u>\$ 192,500</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 92,500</u>

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 6 – Contingencies and Concentrations

Contingencies and Concentrations

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

Pursuant to the Charter School contract with the District, the District withholds an administrative fee of 2% of the qualifying revenues of the School, up to and including 250 students. For the year ended June 30, 2022, administrative fees totaled \$36,437.

Note 7 – Long-Term Liabilities

The National Ben Gamla Charter School Foundation, Inc. (“Ben Gamla, Inc.”) entered into an amended lease and security agreement with North Miami Lakes Campus, LLC (“Landlord”) for the School’s 18,909 square foot facility including all ancillary facilities, outdoor areas and other improvements. Ben Gamla, Inc. also, entered into a amended lease agreement with Van Buren Facility, LLC for the School’s rental of a modular building including all outdoor areas and other improvements. In addition, Ben Gamla, Inc. entered into a lease agreement with Hollywood Educational Annex, LLC (“the Annex”) for the School’s rental of an area of land to be used as a playing field.

All three Landlords are affiliates of the School’s education service and support provider (See Note 4). Fixed annual payments under the amended agreements are approximately \$570,482, and \$272,031 for the first two agreements adjusted annually based on three percent over the previous year’s rental amount or the Consumer Price Index (CPI), whichever is lesser, plus additional property costs including repairs, maintenance and insurance. The third agreement requires rent payments of \$3,083 per month. All three agreements extends through July 31, 2027.

The School has implemented GASB Statement No. 87 Leases, and as a result recorded a lease right of use asset and liability in these financial statements. The lease right of use asset and liability were allocated between School and Ben Gamla Charter School North based on enrollment and usage of facility. The allocation used was approximately 41% for Ben Gamla Charter School North and 59% for the School. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School has used an average effective interest for several borrowings during FY 2021 and 2022. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2022.

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 7 – Long-Term Liabilities (continued)

For the year ended June 30, 2022, interest expense totaled \$137,628 , as it relates to its lease agreements.

For 2022, variable and other payments of approximately \$3,700 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

Annual requirements to amortize the lease liability and related interest are as follows:

Year	Principal	Interest
2023	\$ 446,684	\$ 115,887
2024	469,538	93,034
2025	493,560	69,012
2026	518,812	43,760
2027	592,041	17,411
	\$ 2,520,635	\$ 339,104

Changes in long term lease liabilities during the year are as follows:

	Balance 06/30/21	Increases	Decreases	Balance 06/30/22
Lease liability	\$ -	\$ 2,945,579	\$ (424,944)	\$ 2,520,635
Total Lease Liability	\$ -	\$ 2,945,579	\$ (424,944)	\$ 2,520,635

Note Payable

On January 23, 2018, The National Ben Gamla Charter School Foundation, Inc. obtained financing on behalf of the School from a financial institution for a loan balance of \$333,333 (amount is 1/3 of the total loan balance of \$1,000,000 split with Ben Gamla Preparatory Academy). The long-term debt will be repaid in 60 monthly principal and interest payments at a fixed interest rate of 4.35%. As of June 30, 2022, the outstanding principal balance was \$43,393. The loan is collateralized by restricted cash held by other divisions of The National Ben Gamla Charter School Foundation, Inc. The School's debt agreements contain various covenants, restrictions, and financial test requirements. In the event of default, the maturity can be accelerated and/or the underlying collateral may be forfeited.

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 7 – Long-Term Liabilities (continued)

Paycheck Protection Program Loan

On May 5, 2020, the Organization was granted a loan from a financial institution in the aggregate amount of \$1,583,900, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The proceeds from the loan were recorded on the books of the School and on September 24, 2021, the outstanding balance of \$1,583,900 and all accrued interest was forgiven and the School kept \$397,820 which was their pro rata share (based on full-time enrollment) and the remaining funds totaling \$1,186,080 was transferred to other charter schools under The National Ben Gamla Charter School Foundation, Inc.

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

	Balance 06/30/21	Increases	Decreases	Balance 06/30/22
Note Payable-Equipment Loan	\$ 114,052	\$ -	\$ (70,659)	\$ 43,393
Note Payable- PPP Loan	1,583,900	-	(1,583,900)	-
Total Notes Payable	<u>\$ 1,697,952</u>	<u>\$ -</u>	<u>\$ (1,654,559)</u>	<u>\$ 43,393</u>

Annual debt service requirements for the note payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	<u>43,393</u>	<u>647</u>
Total	<u>\$ 43,393</u>	<u>\$ 647</u>

Note 8 – Risk Management

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

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

Ben Gamla Charter School Hollywood

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

Notes to Financial Statements

June 30, 2022

Note 9 – Inter-fund Transfers

Inter-fund transfers between governmental funds as of June 30, 2022 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund federal expenditures for which revenues were not available	\$ (74,333)	\$ 74,333	\$ -
To fund lunch deficit	(15,618)	15,618	-
To reimburse the Internal Account in the Special Revenue Fund	(5,491)	5,491	-
To fund lease payments in Capital Projects Fund	(333,663)	-	333,663
Total Transfers, net	<u>\$ (429,105)</u>	<u>\$ 95,442</u>	<u>\$ 333,663</u>

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Special Revenue Fund for Title IV	\$ 7,368	\$ (7,368)	\$ -
Total Due from/(Due to)	<u>\$ 7,368</u>	<u>\$ (7,368)</u>	<u>\$ -</u>

Note 10 – Defined Contribution Retirement Plan

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$15,147 for the year ended June 30, 2022. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,876,537	\$ 2,814,898	\$ 2,815,482
Charges for services and other revenue	32,611	47,693	48,940
Total Revenues	<u>2,909,148</u>	<u>2,862,591</u>	<u>2,864,422</u>
EXPENDITURES			
Current:			
Instruction	1,784,366	1,763,050	1,757,607
Board	32,025	28,082	26,846
School administration	374,587	372,334	370,948
Fiscal services	63,100	57,068	56,625
Central services	94,100	86,304	85,289
Operation of plant	266,476	251,298	249,782
Maintenance of plant	128,000	120,741	119,786
Administrative technology services	29,798	28,609	25,598
Total Current Expenditures	<u>2,772,452</u>	<u>2,707,486</u>	<u>2,692,481</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>136,696</u>	<u>155,105</u>	<u>171,941</u>
Debt Service:			
Redemption of Principal	70,659	70,659	70,659
Interest	3,646	3,646	3,646
Capital Outlay			
Other Capital Outlay	<u>21,845</u>	<u>21,845</u>	<u>21,110</u>
Total Capital Outlay and Debt Service Expenditures	<u>96,150</u>	<u>96,150</u>	<u>95,415</u>
Total Expenditures	<u>2,868,602</u>	<u>2,803,636</u>	<u>2,787,896</u>
Excess (Deficit) of Revenues Over Expenditures	40,546	58,955	76,526
Other financing sources (uses):			
Transfers in (out)	(548,755)	(479,759)	(429,105)
Repayment of long-term advances	(100,000)	(100,000)	(100,000)
Transfer of PPP Loan Forgiveness Proceeds	<u>(1,186,080)</u>	<u>(1,186,080)</u>	<u>(1,186,080)</u>
Net change in fund balance	(1,794,289)	(1,706,884)	(1,638,659)
Fund Balance at beginning of year	<u>1,855,810</u>	<u>1,855,810</u>	<u>1,855,810</u>
Fund Balance at end of year	<u>\$ 61,521</u>	<u>\$ 148,926</u>	<u>\$ 217,151</u>

Notes to Budgetary Comparison Schedule

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 203,354	\$ 65,850	\$ 70,071
Charges for Services	135,850	139,693	142,899
Total Revenues	<u>339,204</u>	<u>205,543</u>	<u>212,970</u>
EXPENDITURES			
Current:			
Instruction	274,304	84,885	81,068
Food services	139,988	125,981	122,398
Community services	125,000	125,769	124,161
Total Current Expenditures	<u>539,292</u>	<u>336,635</u>	<u>327,627</u>
Excess/(Deficit) of Revenues Over Current Expenditures	<u>(200,088)</u>	<u>(131,092)</u>	<u>(114,657)</u>
Capital Outlay			
Other Capital Outlay	16,000	16,000	15,500
Total Capital Outlay	<u>-</u>	<u>16,000</u>	<u>15,500</u>
Total Expenditures	<u>555,292</u>	<u>352,635</u>	<u>343,127</u>
Excess/(Deficit) of Revenues Over Expenditures	(216,088)	(147,092)	(130,157)
Other financing sources (uses)			
Transfers in (out)	<u>216,088</u>	<u>147,092</u>	<u>95,442</u>
Net change in fund balance	-	-	(34,715)
Fund Balance at beginning of year	<u>240,391</u>	<u>240,391</u>	<u>240,391</u>
Fund Balance at end of year	<u>\$ 240,391</u>	<u>\$ 240,391</u>	<u>\$ 205,676</u>

Notes to Budgetary Comparison Schedule

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, of Ben Gamla Charter School Hollywood (the “School”) as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated September 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 30, 2022.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Ben Gamla Charter School Hollywood, Florida as of and for the year ended June 30, 2022 and have issued our report thereon dated September 30, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 30, 2022, 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 is Ben Gamla Charter School Hollywood, (W/L#5410).

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022