

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT
HOLLYWOOD, INC.**

HOLLYWOOD, FLORIDA
(A CHARTER SCHOOL AND A COMPONENT UNIT
OF THE SCHOOL BOARD OF BROWARD, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2022

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2022

TABLE OF CONTENTS

	PAGES
General Information.....	1
BASIC FINANCIAL STATEMENTS	
Independent Auditor’s Report.....	2-4
Management’s Discussion and Analysis (not covered by Independent Auditor’s Report).....	5-9
Basic Financial Statements	
<i>Government-wide Financial Statement:</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
<i>Notes to Basic Financial Statements</i>	16-24
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	25
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Revenue Fund.....	26
<i>Notes to Required Supplemental Information</i>	27
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>	28-29
Management Letter.....	30-33

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
(A Charter School and Component Unit of the School Board of Broward County)

11421 N.W. 56th Drive,
Hollywood, FL 33076

2021-2022

BOARD OF DIRECTORS

Ms. Antonia Magloire – President
Ms. Keri Diaz – Vice President
Mr. Daniel Winsor – Treasurer
Ms. Regina Replinger – Secretary

SCHOOL ADMINISTRATION

Dr. Frank Gaines, Principal
Mr. Ervin Joseph, Vice Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Championship Academy of Distinction at Hollywood, Inc.
Hollywood, Florida

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Championship Academy of Distinction at Hollywood, Inc. (the "School"), a charter School and component unit of the 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, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, 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 the School'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.

Auditor's 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 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, 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.

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 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 October 25, 2022 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Academy's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 25, 2022

Management’s Discussion and Analysis
Championship Academy of Distinction at Hollywood, Inc.
June 30, 2022

The corporate officers of Championship Academy of Distinction at Hollywood, Inc. (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$313,660.
2. At year-end, the School reported a net position deficit of \$959,232 and a total fund balance deficit of \$543,966.

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 and liabilities. The difference between the two 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 as soon as the underlying event resulting in the change 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.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds, if applicable. A budgetary comparison statement has been provided for the School's 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 - 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of the School's financial position. A summary of the School's net position as of June 30, 2022 and 2021 are follows:

	<u>Net Position</u>	
Assets	2022	2021
Cash and cash equivalents	\$ 70,365	\$ 249,354
Accounts receivable	157,973	2,993
Prepaid expenses	43,149	-
Due from related party	42,173	-
Deposits	3,470	3,470
Capital and right to use assets, net	8,863,988	20,168
Deferred outflows of resources, net	-	-
Total Assets	<u>\$ 9,181,118</u>	<u>\$ 275,985</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 348,465	\$ 404,707
Due to related parties	512,631	333,599
Notes payable	170,000	381,640
Right to use liabilities	9,109,254	-
Total Liabilities	<u>10,140,350</u>	<u>1,119,946</u>
Net investment in capital assets	(245,266)	20,168
Unrestricted	<u>(713,966)</u>	<u>(864,129)</u>
Total Net Position	<u>\$ (959,232)</u>	<u>\$ (843,961)</u>
Total Liabilities and Net Position	<u>\$ 9,181,118</u>	<u>\$ 275,985</u>

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

REVENUES	<u>2022</u>	<u>2021</u>
Program Revenues		
Federal lunch program	\$ 97,818	\$ 76,935
Federal passed through state sources	307,970	239,510
State capital outlay funding	133,945	141,572
Charges for services	38,664	193,543
General Revenues		
FEFP nonspecific and other federal revenue	2,503,888	2,613,067
Other local revenue	445,220	2,015
Total Revenues	<u>\$ 3,527,505</u>	<u>\$ 3,266,642</u>
EXPENSES		
Instruction	\$ 1,722,759	\$ 2,028,241
Instructional related technology	44,674	35,711
Food services	122,535	52,639
General administration	-	89,883
School administration	514,659	280,838
Fiscal services	24,356	48,737
School Board	13,172	984
Operation of plant	747,025	1,119,258
Transportation	26,872	67,393
Community services	4,050	40,350
Interest on long-term debt	422,674	-
Total Expenses	<u>\$ 3,642,776</u>	<u>\$ 3,764,034</u>
Change in Net Position	(115,271)	(497,392)
Net Position (Deficit) at Beginning of Year	<u>(843,961)</u>	<u>(346,569)</u>
Net Position (Deficit) at End of Year	<u>\$ (959,232)</u>	<u>\$ (843,961)</u>

The School's total revenues for the year ended June 30, 2022 were \$3,527,505 while its total expenses were \$3,642,776 for a net decrease of \$115,271. The School made significant investments in curriculum and instruction to ensure the success of its academic programs.

SCHOOL LOCATION

The School operates in the Hollywood area located at 11421 N.W. 56th Drive, Hollywood, FL 33076.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Championship Academy of Distinction at Davie, Inc.'s finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Championship Academy of Distinction at Hollywood, Inc., 3367 North University Drive, Hollywood, FL 33021.

CAPITAL IMPROVEMENT REQUIREMENT

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, *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.

For the year ended June 30, 2022, the School's governmental funds reported a deficit in its net change in fund balance of \$61,477 and reported a combined fund balance deficit at year-end of \$543,966.

CAPITAL AND RIGHT TO USE ASSETS

The School's net investment in capital and right to use assets, as of June 30, 2022, amounts to a deficit of \$245,266 (net of accumulated depreciation and amortization). This investment in capital assets includes improvements, furniture, fixtures and equipment.

LONG-TERM DEBT

The School received proceeds in June 3, 2022 of \$170,000 from Building Hope Services, LLC. Payment on the loan shall be when the School receives full and final funding of its grant. The loan bears interest rate at 6%. The balance was \$170,000 at June 30, 2022.

GOVERNMENTAL FUND BUDGET ANALYSIS

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.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local district	\$ 3,068,081	\$ 3,068,081	\$ 2,503,888
State capital outlay funding	215,730	215,730	133,945
Federal passed through state	319,005	319,005	405,788
Charges for other services and other revenue	75,000	75,000	102,244
TOTAL REVENUES	\$ 3,677,816	\$ 3,677,816	\$ 3,145,865
EXPENDITURES			
Instruction	\$ 1,970,110	\$ 1,970,110	\$ 1,722,759
Instructional related technology	79,338	79,338	44,674
School Board	10,000	-	13,172
School administration	541,771	541,771	514,659
Fiscal services	42,300	42,300	24,356
Food services	43,000	43,000	122,535
Transportation	75,000	75,000	26,872
Operation of plant	876,433	876,433	199,622
Community services	-	-	4,050
Capital Outlay:			
Other capital outlay	39,600	39,600	9,391,223
Debt service	-	-	684,840
TOTAL EXPENDITURES	\$ 3,677,552	\$ 3,667,552	\$ 12,748,762
Net change in fund balance	264	10,264	(9,602,897)
OTHER FINANCING SOURCES			
Proceeds from note payable	-	-	170,000
Right to use liability	-	-	9,371,420
OTHER FINANCING SOURCES	-	-	9,541,420
Net change in fund balance	<u>\$ 264</u>	<u>\$ 10,264</u>	<u>\$ (61,477)</u>

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
ASSETS	
Cash and cash equivalents	\$ 70,365
Due from related parties	42,173
Due from other agencies	157,973
Prepaid expenses	43,149
Deposits	3,470
Capital and right to use asset	<u>8,863,988</u>
TOTAL ASSETS	<u>\$ 9,181,118</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 94,198
Accrued payroll and related expenses	190,934
Settlement payable	63,333
Due to related parties	512,631
Note payable	170,000
Right to use lease liability	<u>9,109,254</u>
TOTAL LIABILITIES	<u>10,140,350</u>
NET POSITION (DEFICIT)	
Invested in capital and right to use assets, net of related debt	(245,266)
Deficit in unrestricted	<u>(713,966)</u>
TOTAL NET POSITION (DEFICIT)	<u>(959,232)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,181,118</u>

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

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions	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	\$ 1,722,759	\$ -	\$ 307,970	\$ -	\$ (1,414,789)
Instructional related technology	44,674	-	-	-	(44,674)
School Board	13,172	-	-	-	(13,172)
School administration	514,659	-	-	-	(514,659)
Fiscal services	24,356	-	-	-	(24,356)
Food services	122,535	10,764	97,818	-	(13,953)
Transportation	26,872	-	-	-	(26,872)
Operation of plant	747,025	-	-	133,945	(613,080)
Community services	4,050	27,900	-	-	23,850
Interest and other fees on long-term debt	422,674	-	-	-	(422,674)
Total Governmental Activities	<u>\$ 3,642,776</u>	<u>\$ 38,664</u>	<u>\$ 405,788</u>	<u>\$ 133,945</u>	<u>\$ (3,064,379)</u>
GENERAL REVENUES:					
					\$ 2,503,888
					445,220
					<u>2,949,108</u>
					Change in Net Position (115,271)
					NET POSITION (DEFICIT) - BEGINNING (843,961)
					NET POSITION (DEFICIT) - ENDING <u>\$ (959,232)</u>

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

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	Governmental Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 70,365
Due from related parties	42,173
Due from other agencies	157,973
Prepaid expenses	43,149
Deposits	3,470
TOTAL ASSETS	<u><u> \$ 317,130</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 94,198
Accrued payroll and related expenses	190,934
Settlement payable	63,333
Due to related parties	512,631
TOTAL LIABILITIES	<u> 861,096</u>
FUND BALANCE (DEFICIT)	
Nonspendable	
Deposits and prepaid expenses	46,619
Deficit in unassigned	(590,585)
TOTAL FUND BALANCE (DEFICIT)	<u> (543,966)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u> \$ 317,130</u></u>

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

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2022**

Total Fund Balance - Governmental Funds	\$ (543,966)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital and right to use assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	8,863,988
Long term liabilities are not due in the current period and accordingly, are not reported as fund liabilities.	
Right to use liability	(9,109,254)
Loan payable	(170,000)
Total Net Position - Governmental Activities	<u>\$ (959,232)</u>

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

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, 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 Outlay Fund	Total Governmental Funds
REVENUES				
State passed through local school district	\$ 2,503,888	\$ -	\$ -	\$ 2,503,888
Federal lunch program	-	97,818	-	97,818
Federal passed through state	-	307,970	-	307,970
State capital outlay funding	-	-	133,945	133,945
Charges for services	27,900	10,764	-	38,664
Other	63,580	-	-	63,580
TOTAL REVENUES	\$ 2,595,368	\$ 416,552	\$ 133,945	\$ 3,145,865
EXPENDITURES				
Current:				
Instruction	\$ 1,414,789	\$ 307,970	\$ -	\$ 1,722,759
Instructional related technology	44,674	-	-	44,674
School Board	13,172	-	-	13,172
School administration	514,659	-	-	514,659
Fiscal services	24,356	-	-	24,356
Food services	13,953	108,582	-	122,535
Transportation	26,872	-	-	26,872
Operation of plant	199,622	-	-	199,622
Community services	4,050	-	-	4,050
Capital Outlay:				
Right to use asset	-	-	9,371,420	9,371,420
Other capital outlay	19,803	-	-	19,803
Debt service:				
Principal retirement and interest expense	550,895	-	133,945	684,840
TOTAL EXPENDITURES	2,826,845	416,552	9,505,365	12,748,762
Deficiency of revenues over expenditures	(231,477)	-	(9,371,420)	(9,602,897)
OTHER FINANCING SOURCES				
Right to use liability	-	-	9,371,420	9,371,420
Proceeds from debt	170,000	-	-	170,000
Total other financing sources	170,000	-	9,371,420	9,541,420
NET CHANGE IN FUND BALANCE	(61,477)	-	-	(61,477)
Fund balance (deficit) at beginning of year	(482,489)	-	-	(482,489)
Fund balance (deficit) at end of year	\$ (543,966)	\$ -	\$ -	\$ (543,966)

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

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, 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**

Change in Fund Balance - Governmental Funds \$ (61,477)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	19,803
Depreciation expense	(26,769)
Amortization expense	(520,634)

Proceeds from issuance of long-term debt are reported as an other financing source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in notes payable. (170,000)

Repayment of long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.

Forgiveness of debt	381,640
Repayment of debt	262,166

Change in Net Position of Governmental Activities \$ (115,271)

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

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Championship Academy of Distinction at Hollywood, Inc. (the “School”) a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33 Florida Statutes, is a charter school and is a component unit of the District Board of Broward County, Florida (the “District”). The School is governed by a Board of Directors composed of four members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School’s charter agreement is effective through June 30, 2025. The charter may be renewed as provided in Section 1002.33 or 1002.331, Florida Statutes, upon mutual consent between the School and the District and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. The School contract provides in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2022, when approximately 335 students were enrolled in grades Kindergarten through 8th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

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. Both statements report only governmental activities as the School does not engage in any business type activities. These statements 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 which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (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, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue, debt service, and capital project funds are reported as separate columns in the fund financial statements:

The School utilizes the following major governmental funds:

General Fund – is the School’s primary operating fund. The General Fund accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – in accordance with guidelines established by the School Board of Broward County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 Guidelines*.

The government-wide statements report using the economic resources measurement focus and the 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized 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 current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. 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. 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.

Budgetary Basis of 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, purchased services, and capital outlay) within each activity (e.g. instructional, pupil personnel services and school administration). Any revisions to the annual budget are approved by the Board.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Due from Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources. Amounts are considered fully reimbursable and no allowance has been recorded at June 30, 2022.

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	Esimated Useful Lives <u>(years)</u>
Improvements other than building	5
Furniture, fixtures, and equipment	3 - 5

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a “benefit year”). Teachers are eligible for up to ten days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not “rollover” all unused days for use in future benefit years. There is an opportunity for teachers to “cash out” unused days; however, teachers may only cash out if they have not used their ten eligible days by the end of the benefit year.

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 days available to be used in future benefit 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.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2022, was a deficit of \$245,266.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. There were no restricted net assets at June 30, 2022.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2022, the School’s non-spendable fund balance was \$46,619.
- 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. At June 30, 2022, there is no restricted fund balance.
- 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. At June 30, 2022, there is no committed fund balance.
- 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. At June 30, 2022, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer 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 finance officer has the authority to deviate from this policy if it is in the best interest of the School.

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

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

The School may also receive federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance 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. This activity is recorded in the Special Revenue Fund and Capital Outlay Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

Championship Academy of Distinction at Hollywood, Inc., qualifies as a tax exempt organization under the 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. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

NOTE 3 – CASH DEPOSITS

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2022, the School's bank balances totaled \$70,365 and did not exceed the FDIC limit.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

	Balance 7/1/2021	Additions	Disposals	Balance 6/30/2022
Capital Assets				
Improvements other than building	\$ 258,025	\$ -	\$ -	\$ 258,025
Leasehold improvements	-	19,803	-	19,803
Furniture, fixtures and equipment	135,726	-	-	135,726
Total Capital Assets	<u>393,751</u>	<u>19,803</u>	<u>-</u>	<u>413,554</u>
Less Accumulated Depreciation				
Improvements other than building	(252,153)	(5,872)	-	(258,025)
Leasehold improvements	-	(6,601)	-	(6,601)
Furniture, fixtures and equipment	(121,430)	(14,296)	-	(135,726)
Total Accumulated Depreciation	<u>(373,583)</u>	<u>(26,769)</u>	<u>-</u>	<u>(400,352)</u>
Capital Assets, net	<u>20,168</u>	<u>(6,966)</u>	<u>-</u>	<u>13,202</u>
Right to use assets				
Right-to-use lease asset	-	9,371,420	-	9,371,420
Accumulated amortization	-	(520,634)	-	(520,634)
Total leased assets, net	<u>-</u>	<u>8,850,786</u>	<u>-</u>	<u>8,850,786</u>
Total capital and right to use assets, net	<u>\$ 20,168</u>	<u>\$ 8,843,820</u>	<u>\$ -</u>	<u>\$ 8,863,988</u>

For the year ended June 30, 2022, depreciation and amortization expense totaled \$26,769 and \$520,634, respectively, which was allocated to operation of plant.

NOTE 5 – LONG-TERM LIABILITIES

On April 20, 2021, the School received loan proceeds in the amount of \$381,640 from a financial institution under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for the amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest were fully forgiven during the year ended June 30, 2022 and was included in other income in the statement of activities.

In addition, in June 2022, the School received loan proceeds from Building Hope Services, LLC totaling \$170,000. The purpose of the note is to provide the School with funding to be used to pay up-front costs for expenditures that are reimbursable with the Elementary and Secondary School Emergency Relief (ESSER) funds. This loan will be repaid as grant funds are received. The note bears interest at a rate 6% and matures when all ESSER funds are received.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – LONG-TERM LIABILITIES (Continued)

The following schedule provides a summary of changes on the note payables for the year ended June 30, 2022 are as follows:

	Balance			Balance
	July 1, 2021	Increase	Decrease	June 30, 2022
Loan payable	\$ -	\$ 170,000	\$ -	\$ 170,000
	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>

NOTE 6 – TRANSACTIONS WITH FORMER MANAGEMENT COMPANY

In July 2016, the School entered into a contract with Charter School Management Solutions, LLC (“CSMS”) for the general management of the day-to-day educational and operational aspects of the School through the contract term, ending June 30, 2026. Under the terms of the agreement, the School paid fourteen and a half percent (14.5%) of FEFP revenues, less the District’s administrative fee, in monthly installments. On September 19, 2021, the School terminated the agreement with CAP due to breach of contract, at which time, the School’s Board of Directors assumed the management of the day-to-day educational and operational aspects of the School.

NOTE 7 – RELATED PARTY TRANSACTIONS

The School transacts with other charter schools, Championship Academy of Distinction at Hollywood Middle, Inc. (“CADM”) and Championship Academy of Distinction at Davie, Inc. (“CADD”), which are related through common control by the School’s management and Board of Directors. At times, the related charter schools may pay expenses on behalf of the School and vice versa, which are recorded as amounts due to or from related parties. Activities between the related entities are related to lease obligations, management fees, payroll and employee benefits, National School Lunch Program reimbursement, and student transportation services. The School expects to receive full payment within one year from the financial statement date and no allowance for bad debt has been established.

Amounts due from related parties as of June 30, 2022 are as follows:

Due to CADD	\$ 351,558
Due to CADM	118,900
Due to related parties	<u>\$ 470,458</u>

The School shares its facility with CADM and entered into a sub-lease agreement to charge CADM for a portion of rent. See Note 12.

In September 2021, the School terminated its agreement with the former management company. Refer to Note 6 for transactions with former management during the year ended June 30, 2022.

In April 2022, the School entered into a management consulting agreement with a company that is owned by the former President of the School’s Board of Directors. See Note 9.

The School has a settlement payable to Championship Academy of Distinction K-8, Inc., a charter school that is managed by the School’s former management company. See Notes 6 and 8.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 – SETTLEMENT PAYABLE

In July 2022, the School, along with the related entities CADM and CADD, entered into a settlement agreement with Championship Academy of Distinction K-8, Inc. (“K-8”) for amounts owed totaling \$250,000. The total settlement payable of \$250,000 was allocated equally among each school. The amounts owed are related to transactions that occurred between K-8 and the School in prior years while they were under common management. The School terminated its agreement with said management on September 19, 2021 as described in Note 6. The portion of the settlement that is owed by the School at June 30, 2022 was \$63,333.

NOTE 9 – CONSULTING AGREEMENT

In April 2021, the School entered into a contract with Solutions Academy, LLC for the general management of the day-to-day educational and operational aspects of the School through the contract term, ending June 30, 2027. Under the terms of the agreement, the School paid ten percent (10%) of FEFP revenues, less the District’s administrative fee, in monthly installments. During the year ended June 30, 2022, the School paid management fees to Solutions Academy, LLC of \$77,383. There were no amounts due to the management company at June 30, 2022.

NOTE 10 – PROFESSIONAL SERVICES CONTRACT

In March 2022, the School entered into an agreement with Building Hope Services to provide accounting and finance services to the School. The contract, renewable annually, calls for an annual fee of \$100 per student based on enrollment at the beginning of the school year, payable in monthly installments. For the year ended June 30, 2022, the School incurred fees related to this agreement totaling \$17,519. At June 30, 2022 the School owed \$2,733 to Building Hope Services which is included in accounts payable and accrued liabilities.

NOTE 11 – LEASE COMMITMENTS

The School entered into a 20-year noncancellable operating lease for its educational facility beginning July 1, 2013 through June 30, 2033. The lease requires monthly rent payments and includes annual increases or decreases in accordance with the agreement based on FTE increases or decreases and the Consumer Price Index. In accordance with the agreement, the School is responsible for all operating charges and insurance and is to maintain the premises at its own expense.

The School subleases a portion of the building to a related charter school, CADM, under a sublease agreement. The lease calls for annual base rent to be \$183,700, payable monthly, and for additional rent if needed as the School assists with the payments of insurance, maintenance, and utility costs.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in these financial statements for the facility lease, based on the current student count and allocation. The School used an interest rate of 5.00% based on the average incremental borrowing rate of the School to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021 net of the payments received from the CADM. The interest expense was \$422,674 and the amortization of the right-to-use asset was \$520,634 for the year ended June 30, 2022.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 – LEASE COMMITMENTS (Continued)

Changes in long term right to use liability during the year are as follows:

	Balance			Balance
	July 1, 2021	Increase	Decrease	June 30, 2022
Right to use liability	\$ -	\$ 9,371,420	\$ 262,166	\$ 9,109,254
	\$ -	\$ 9,371,420	\$ 262,166	\$ 9,109,254

The following is an estimated schedule of future minimum rental payments:

Year Ended	Principal	Interest	Total	
2023	\$ 252,278	\$ 452,471	\$ 704,749	
2024	280,603	437,397	718,000	
2025	311,871	422,656	734,527	
2026	345,162	406,307	751,469	
2027	380,589	388,244	768,833	
2028-2032	2,334,227	1,615,351	3,949,578	(Total for 5 Year Period)
2033-2037	3,426,904	912,972	4,339,876	(Total for 5 Year Period)
2038-2039	1,777,620	95,616	1,873,236	(Total for 2 Year Period)
	<u>\$ 9,109,254</u>	<u>\$ 4,731,014</u>	<u>\$13,840,268</u>	

NOTE 12 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the School, there are no significant liabilities relating to grant compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 13 – 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 the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 14 – LEGAL MATTERS

In the course of conducting its operations, the School may become party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 3,068,081	\$ 3,068,081	\$ 2,503,888
Charges for services	-	-	27,900
Local and other revenue	75,000	75,000	63,580
TOTAL REVENUES	\$ 3,143,081	\$ 3,143,081	\$ 2,595,368
EXPENDITURES			
Instruction	\$ 1,794,105	\$ 1,794,105	\$ 1,414,789
Instructional related technology	79,338	79,338	44,674
School Board	10,000	10,000	13,172
School administration	541,771	541,771	514,659
Fiscal services	42,300	42,300	24,356
Food services	-	-	13,953
Transportation	75,000	75,000	26,872
Operation of plant	660,703	660,703	199,622
Maintenance of plant	39,600	39,600	-
Community services	-	-	4,050
Capital Outlay:			
Other capital outlay	-	-	19,803
Debt service	-	-	550,895
TOTAL EXPENDITURES	\$ 3,242,817	\$ 3,242,817	\$ 2,826,845
Change in fund balance before other financing sources	(99,736)	(99,736)	(231,477)
OTHER FINANCING SOURCES			
Proceeds from debt	-	-	170,000
OTHER FINANCING SOURCES	-	-	170,000
Net change in fund balance	\$ (99,736)	\$ (99,736)	\$ (61,477)

See accompanying note to the required supplemental information.

**CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Federal lunch program	\$ 43,000	\$ 43,000	\$ 97,818
Federal passthrough state and other income	176,005	176,005	318,734
TOTAL REVENUES	<u>219,005</u>	<u>219,005</u>	<u>416,552</u>
EXPENDITURES			
Instruction	176,005	176,005	307,970
Food services	43,000	43,000	108,582
TOTAL EXPENDITURES	<u>219,005</u>	<u>219,005</u>	<u>416,552</u>
OTHER FINANCING SOURCES			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

CHAMPIONSHIP ACADEMY OF DISTINCTION AT HOLLYWOOD, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2022, has been prepared according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

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



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*

Board of Directors of
Championship Academy of Distinction at Hollywood, Inc.
Hollywood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Championship Academy of Distinction at Hollywood, Inc. (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 October 25, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 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.

Coral Gables, Florida
October 25, 2022


CERTIFIED PUBLIC ACCOUNTANTS



MANAGEMENT LETTER

Board of Directors of
 Championship Academy of Distinction at Hollywood, Inc.
 Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of Championship Academy of Distinction at Hollywood, Inc. (the “School”), a non-major component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 25, 2022.

Auditor’s Responsibility

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; 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 October 6, 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. Corrections have been made to address the findings and recommendations in the preceding financial report, except as noted in the tabulation below.

Tabulation of Uncorrected Audit Findings		
Current Year	2020-2021 FY	201-2020 FY
2022-001	2021-001	

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Championship Academy of Distinction at Hollywood, Inc.; #365361.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet 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 financials condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2022 is deteriorating. Refer to finding 2022-001 below.

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 have the following recommendations:

2022-001 : Deteriorating Financial Condition

Observation

While the School did not meet the conditions described in Section 218.503(1), Florida Statutes, in performing the financial condition assessment procedures in pursuant to sections 10.854(1)(e)6.a and 10.855(12), the results indicated that the School's overall financial condition is deteriorating.

Condition

The School has a total fund balance deficit of \$543,966 and a deficit in net position of \$959,232 at June 30, 2022. The deficits have increased from the prior year. In addition, the School's cash has decreased while current liabilities have increased compared to prior year. Expenditures have also exceeded revenues over the past two years.

Cause

The School's former management company prepared and provided the School's budget to the governing board and the school district at the start of the 2022-2023 year. While the School's current management amended the current year budget during the year, it was not amended to

properly reflect actual expenditures that were incurred, resulting in a significant deficit in the current year.

Effect

The School has a total fund balance deficit of \$543,966 and a deficit in net position of \$959,232 at June 30, 2022. The deficits have increased from the prior year. In addition, the School's cash has decreased while current liabilities have increased compared to prior year. Expenditures have also exceeded revenues over the past two years.

Recommendation

The School's governing board should approve the adopted annual budget by July 1st of each year and review the budget on a monthly basis compared to actual revenues and expenses. As needed and appropriate, the budget should be amended and approved by the governing board following the October and February FTE periods and should account for significant unanticipated revenues and expenditures.

Management response

The Governing Board will implement a policy of procedure to review, approve and adopt the annual budget by July 1, of each year. The Governing board will make it a priority to review the budget on a monthly basis and compare it to actual revenues and expenses. The Governing Board will also keep in regular contact with the accountant to discuss said monthly review and request attendance as deemed necessary. Moreover, the Governing Board will amend and approve the budget as needed following the October and February FTE period and account for significant unanticipated revenues and expenditures.

Transparency

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

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 have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida

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

Verdy-DeAnna-Triplo-Always
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 25, 2022