

***PARAGON ACADEMY OF TECHNOLOGY, INC.***  
***A Charter School and Component Unit of the***  
***District School Board Of Broward County, Florida***

***BASIC FINANCIAL STATEMENTS AND***  
***SUPPLEMENTAL INFORMATION***

***Year Ended June 30, 2022***

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Paragon Academy of Technology, Inc.  
*A Charter School and Component Unit of the  
District School Board of Broward County, Florida*  
Hollywood, Florida

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Paragon Academy of Technology, Inc. ("PAT"), a charter school, as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprises Paragon Academy of Technology, Inc.'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 for Paragon Academy of Technology, Inc., 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.

***Emphasis of Matters***

Change in Accounting Principle - GASBS 87

As described in Note 1 to the financial statements, the Academy adopted the Statement of the Governmental Accounting Standards Board (GASBS) No. 87- *Leases*. The adoption did not result in any changes to beginning net position or fund balances. Our opinion is not modified with respect to this matter.

Reporting Entity

As described in Note 1 to the financial statements, the accompanying financial the statements present the financial position of the governmental activities, and each major fund, of PAT as of June 30, 2022, and the respective changes in financial position for the year then ended. Our opinion is not modified with respect to this matter.

### ***Basis for Opinion***

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. 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 PAT 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 PAT'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 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 judgement and maintain profession 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 PAT'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about PAT'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 have 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 on pages 4 – 7 and 24 – 25 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 29, 2022, on our consideration of the Paragon Academy of Technology, Inc.'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 solely 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 effectiveness of Paragon Academy of Technology, Inc.'s 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 Paragon Academy of Technology, Inc.'s internal control over financial reporting and compliance.



Hollywood, FL  
September 29, 2022

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Our discussion and analysis of the Paragon Academy of Technology, Inc.'s ("PAT") financial program provides an overview of PAT's financial activities for the year ended June 30, 2022.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with PAT's financial statements which begin on page 8.

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### ***Government-wide Financial Statements***

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

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

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

### ***Fund Financial Statements***

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

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

*Notes to the Financial Statements*

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14-22 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of PAT's financial position. PAT's assets exceeded liabilities by \$225,016 and \$320,606 at June 30, 2022 and 2021, respectively.

**NET POSITION**

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Current assets	\$ 429,555	\$ 479,001	\$ (49,446)
Capital assets	<u>2,279,121</u>	<u>37,761</u>	<u>2,241,360</u>
Total assets	<u>\$ 2,708,676</u>	<u>\$ 516,762</u>	<u>\$ 2,191,914</u>
Current liabilities	\$ 181,494	\$ 77,556	\$ 103,938
Non-current liabilities	<u>2,302,166</u>	<u>118,600</u>	<u>2,183,566</u>
Total liabilities	<u>2,483,660</u>	<u>196,156</u>	<u>2,287,504</u>
Net position			
Investment in capital assets	\$ 2,279,121	\$ 37,761	\$ 2,241,360
Unrestricted	<u>(2,054,105)</u>	<u>282,845</u>	<u>(2,336,950)</u>
Total net position	<u>225,016</u>	<u>320,606</u>	<u>\$ (95,590)</u>
Total liabilities and net position	<u>\$ 2,708,676</u>	<u>\$ 516,762</u>	<u>\$ 2,191,914</u>

<u>Revenue Source</u>	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Federal passed through local schools	\$ 55,612	\$ 81,911	\$ (26,299)
State passed through local school	937,716	1,058,398	(120,682)
Other revenue	<u>146,060</u>	<u>5,671</u>	<u>140,389</u>
Total	<u>\$1,139,388</u>	<u>\$ 1,145,980</u>	<u>\$ (6,592)</u>

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Revenues for governmental activities totaled \$1,139,388 and \$1,145,980 for the years ended June 30, 2022 and 2021, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP") and it represented approximately 82% and 86% of total revenue for the years ended June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Instruction	\$ 514,773	\$ 519,164	\$ (4,391)
Pupil personnel services	37,647	28,571	9,076
Instruction and curriculum	-	35,430	(35,430)
Instructional staff training services	1,474	1,894	(420)
Instructional related technology	204	2,840	(2,636)
Board expenses	59,535	13,575	45,960
General expenses	-	47,241	(47,241)
School administration	277,341	149,920	127,421
Facilities acquisition & construction	5,818	3,231	2,587
Fiscal services	37,745	36,715	1,030
Pupil transportation	24,834	17,791	7,043
Operation of plant	256,449	247,640	8,809
Maintenance of plant	10,644	4,584	6,060
Community services	2,881	-	2,881
Debt service interest	<u>126,727</u>	<u>-</u>	<u>126,727</u>
Totals	\$ 1,356,072	\$ 1,108,596	\$ 247,476

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenues	\$ 1,139,388	\$1,145,980	\$ (6,592)
Expenditures	(1,292,772)	(1,108,731)	(184,041)
Other financing sources, net of debt costs	<u>-</u>	<u>118,600</u>	<u>(118,600)</u>
Change in fund balance	<u>\$ 153,384</u>	<u>\$ (155,849)</u>	<u>\$ 309,233</u>
Fund balance, beginning of year	<u>\$ 401,445</u>	<u>\$ 245,596</u>	<u>\$ 155,849</u>
Fund balance, end of year	<u>\$ 248,061</u>	<u>\$ 401,445</u>	<u>\$ (153,384)</u>



**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**CURRENT YEAR VS PRIOR YEAR RESULTS**

The 2021-2022 school year was the sixteenth year that PAT enrolled students. Total revenue was \$1,139,388 and \$1,145,980 for the years ended June 30, 2022 and 2021, respectively. The increase in revenue was primarily the result of increases in Covid-19 funding and capital outlay. Total expenses were \$1,292,772 and \$1,108,731 for the years ended June 30, 2022 and 2021, respectively. The approximate \$184,041 increase in expenses is primarily attributable to the increase in school administration related to accrued administrative retirement cost for senior management.

**NON CURRENT LIABILITIES**

Lease Liability is as a result of implementing GASBS 87, PAT recorded a lease liability as of the beginning of the year. PAT has a building lease that is for a term of 32 years, starting on July 1, 2021, which is further described in Note C and D. The Lease Liability at June 30, 2022 amounts to \$2,302,166.

On February 24, 2021, PAT received a Paycheck Protection Program (PPP) loan in the amount of \$118,600. This loan was forgiven in full on July 28, 2021 and is reflected in the statement of activities as revenue under general revenues.

**BUDGETARY HIGHLIGHTS – GENERAL FUND**

Actual revenue was \$246,003 less than the final budgeted as PAT did not receive anticipated state funds that were initially budgeted for. Total expenses were approximately \$29,950 than the budgeted that were related to the increase of board expenses.

**PROSPECTS FOR THE FUTURE**

On May 1<sup>st</sup>, 2019 PAT's related school purchased the building they were renting. PAT now leases space from the related school. There are unoccupied buildings on the property which were not used in the past year, and PAT and its related school plan to explore their options of utilizing this new found space as an additional source of income.

**REQUESTS FOR INFORMATION**

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

		Governmental Activities
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	428,294
Prepaid expenses		1,261
Total current assets		429,555
<b>CAPITAL ASSETS</b>		
Right-to-use lease assets		2,317,357
Furniture, fixtures and equipment		81,530
Total capital assets		2,398,887
Less accumulated depreciation and amortization		(119,766)
Total capital assets, net		2,279,121
 Total assets	 \$	 <u><u>2,708,676</u></u>
<b>LIABILITES AND NET POSITION</b>		
<b>CURRENT LIABILITES</b>		
Salaries and wages payable	\$	52,247
Due to other agencies		8,436
Retirement fund		120,000
Accounts payable		811
Total liabilities		181,494
<b>NON-CURRENT LIABILITES</b>		
Portion due within one year		
Lease liability		6,586
Portion due in more than one year		
Lease liability		2,295,580
Total non-current liabilities		2,302,166
Total liabilities		2,483,660
<b>NET POSITION</b>		
Investment in capital assets		2,279,121
Unrestricted		(2,054,105)
Total net position		225,016
Total liabilities and net position	\$	2,708,676

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Revenues				Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	
Governmental activities:					
Instruction	\$ 514,773	\$ -	\$ 52,198	\$ -	\$ (462,575)
Pupil personnel services	37,647	-	2,164	-	(35,483)
Instructional staff training services	1,474	-	-	-	(1,474)
Instructional related technology	204	-	-	-	(204)
Board expenses	59,535	-	-	-	(59,535)
School administration	277,341	-	-	-	(277,341)
Facilities acquisition and construction	5,818	-	-	-	(5,818)
Fiscal services	37,745	-	-	-	(37,745)
Pupil transportation	24,834	-	-	-	(24,834)
Operation of plant	256,449	-	1,250	88,922	(166,277)
Maintenance of plant	10,644	-	-	-	(10,644)
Community services	2,881	-	-	-	(2,881)
Debt service interest	126,727	-	-	-	(126,727)
Total governmental activities	\$ 1,356,072	\$ -	\$ 55,612	\$ 88,922	\$ (1,211,538)
			General Revenues		
			State through local school district		969,888
			Investment earnings		-
			Miscellaneous revenues		146,060
			Total General Revenues		1,115,948
			Change in net position		(95,590)
			Net position, July 1, 2021		320,606
			Net position June 30, 2022		\$ 225,016

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 428,294	\$ -	\$ -	\$ 428,294
Prepaid expenses	1,261	-	-	1,261
Accounts receivable		9	-	9
Total Assets	<u>\$ 429,555</u>	<u>\$ 9</u>	<u>-</u>	<u>\$ 429,564</u>
<b>LIABILITIES</b>				
Salaries and wages payable	\$ 52,247	\$ -	-	\$ 52,247
Due to funds	-	9	-	9
Due to other agencies	8,436	-	-	8,436
Retirement fund	120,000	-	-	120,000
Accounts payable	811	-	-	811
Total Liabilities	<u>181,494</u>	<u>9</u>	<u>-</u>	<u>181,503</u>
<b>FUND BALANCES</b>				
Unassigned	<u>248,061</u>	<u>-</u>	<u>-</u>	<u>248,061</u>
Total Fund Balances	<u>248,061</u>	<u>-</u>	<u>-</u>	<u>248,061</u>
Total Liabilities and Fund Balances	<u>\$ 429,555</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 429,564</u>

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Fund Balance - Governmental Funds	\$	248,061
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	\$	2,398,887	
Less accumulated depreciation and amortization		<u>(119,766)</u>	
Total capital assets, net			2,279,121

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Due within one year:		(6,586)	
Due in more than one year:		<u>(2,295,580)</u>	
			<u>(2,302,166)</u>

Net Position of Governmental Activities	\$	<u><u>225,016</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Federal passed through local school district	\$ -	\$ 55,612	\$ -	\$ 55,612
State passed through local school district	848,794	-	88,922	937,716
Interest income	-	-	-	-
Other revenue	146,060	-	-	146,060
	994,854	55,612	88,922	1,139,388
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES/EXPENSES</b>				
Current:				
Instruction	461,219	52,198	-	513,417
Pupil personnel services	35,483	2,164	-	37,647
Instructional staff training services	1,474	-	-	1,474
Instructional related technology	204	-	-	204
Board expenses	59,535	-	-	59,535
School administration	276,052	-	-	276,052
Facilities acquisition and construction	2,075	-	-	2,075
Fiscal services	37,745	-	-	37,745
Pupil transportation	24,834	-	-	24,834
Operation of plant	94,174	1,250	88,922	184,346
Maintenance of plant	10,644	-	-	10,644
Community services	2,881	-	-	2,881
Debt Service:				
Interest expense - lease liability	126,727	-	-	126,727
Payments on lease liability	15,191	-	-	15,191
Total expenditures	1,148,238	55,612	88,922	1,292,772
Excess (deficiency) of revenues over (under) expenses	(153,384)	-	-	(153,384)
Fund balances, July 1, 2021	401,445	-	-	401,445
Fund balances, June 30, 2022	\$ 248,061	\$ -	\$ -	\$ 248,061

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in fund balances - governmental funds \$ (153,384)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of capital acquisitions are allocated over their estimated useful lives and reported net of depreciation and amortization expense.

The amount by which capital outlays exceeds depreciation and amortization is calculated as follows:

Expenditures for capital assets	\$ 2,319,851	
Less current year depreciation	<u>(78,491)</u>	
		2,241,360

The issuance of noncurrent debt provides current financial resources to governmental funds. This amount represents the current year additions to noncurrent debt. (2,317,357)

Payments on lease liability	15,191	
Forgiveness of PPP loan	<u>118,600</u>	
		<u>(2,183,566)</u>

Change in Net Position of Governmental Activities \$ (95,590)

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

Paragon Academy of Technology, Inc. (“PAT”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Broward County, Florida (“the District”). Under the Contract, PAT provides a middle school education to children who reside in Broward County. The governing body of PAT is the Board of Directors.

The general operating authority of PAT is under Florida Statutes 228.056(7) as a Charter School Contract with the School Board of Broward County, Florida. Under the Charter, PAT provides education to children from the sixth through the eighth grade in Broward County. In April 2014, PAT’s charter was amended to permit PAT to operate a charter school for grades six through twelve. The Charter Contract was renewed and is now effective through June 30, 2025.

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

**Recent Accounting Pronouncements**

PAT has adopted guidance issued by the GASB that established fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

In June 2017, the GASB issued Statement of the Governmental Accounting Standards Board (GASBS) No. 87 - Leases. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. PAT adopted this Statement for the year ended June 30, 2022. The adoption did not result in any changes to previously reported amounts of net position or fund balances. See Notes C and D for additional information on the Academy's leases.



**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-Wide and Fund Financial Statements

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

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

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs PAT has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

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

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of PAT's highest level of decision-making authority. Commitments may be changed or lifted only by PAT taking the same formal action that imposed the constraint originally.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

- Assigned fund balance - comprises amounts intended to be used by PAT for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

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

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

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

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

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

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

4. Budgetary Basis of Accounting

PAT's annual budgets are adopted for the entire operations for PAT and may be amended by the Board of Directors (the "Board"). Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis.

A reconciliation of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

5. Cash

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

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by PAT as assets with an initial individual cost of more than \$750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2022, PAT recorded net capital assets of \$2,279,121.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

6. Capital Assets (continued)

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

Asset Type	Estimated Useful Lives
Right-to-use lease asset	32
Computer software and equipment	3
Furniture, fixtures and equipment	5
Modular building and equipment	10

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

7. Revenue Sources

Revenues for current operations are received primarily from the State of Florida passed through the District to PAT pursuant to the funding provisions included in PAT's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, PAT reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP).

Funding for PAT is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by PAT during designated FTE student survey periods.

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

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

8. Use of Estimates

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Income Taxes

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

PAT is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. PAT’s federal income tax returns for 2020-2022 remain subject to examination by major tax jurisdictions.

**NOTE B – CONCENTRATIONS**

1. Revenue Sources

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

<u>Sources</u>	<u>Amounts</u>
State funding through local district	\$ 937,716
Federal passed through local school district	55,612
Other	<u>146,060</u>
	<u>\$ 1,139,388</u>

2. Cash

Under Chapter 280, Florida Statutes, PAT’s deposits must be placed in banks and savings and loans which are qualified as public depositories. PAT maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2022, uninsured bank deposit balances were \$214,854.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE C – CAPITAL ASSETS**

Capital assets activity, including PAT’s right-to-use lease asset, for the year ended June 30, 2022, was as follows:

	Beginning Balance 2022	Additions	Adjustments and Deletions	Ending Balance 2022
Governmental Activities:				
Right-to-use asset - leased				
building	\$ 2,317,357	\$ -	\$ -	\$ 2,317,357
Modular Building	37,427	-	-	37,427
Furniture, fixtures and equipment	<u>41,609</u>	<u>2,494</u>	-	<u>44,103</u>
Total capital assets	<u>\$ 2,396,393</u>	<u>\$ 2,494</u>	<u>\$ -</u>	<u>\$ 2,398,887</u>
Less accumulated amortization for:				
Right-to-use asset - leased building	\$ -	\$ (70,401)	\$ -	\$ (70,401)
Less accumulated depreciation for:				
Modular Building	\$ (8,188)	\$ (3,743)	\$ -	\$ (11,931)
Furniture, fixtures and equipment	<u>(33,087)</u>	<u>(4,347)</u>	-	<u>(37,434)</u>
Total accumulated depreciation and amortization	<u>\$ (41,275)</u>	<u>\$ (78,491)</u>	<u>\$ -</u>	<u>\$ (119,766)</u>
Total governmental activities capital assets, net	<u>\$ 2,355,118</u>	<u>\$ (75,997)</u>	<u>\$ -</u>	<u>\$ 2,279,121</u>

As a result of the adoption of GASBS 87, the Academy recorded a right-to-use lease building asset as of the beginning of the year. See Note A-1 and C for additional information regarding PAT’s leases. The activity related to the lease liability is shown on Note D.

Depreciation and amortization expense were charged to functions as follows:

Governmental activities:	
Instruction	\$ 1,356
Administration	1,289
Facilities and acquisition	3,742
Operation of plant	<u>72,104</u>
Total depreciation and amortization	<u>\$ 78,491</u>

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE D – NONCURRENT LIABILITIES**

On February 24, 2021, PAT received a Paycheck Protection Program (PPP) loan in the amount of \$118,600. This loan was forgiven in full on July 28, 2021 and is reflected in the statement of activities as revenue under general revenues.

On May 1, 2019, Sunshine Elementary Charter School (“SECS”) purchased the school campus that PAT was renting through the issuance of the Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019A and 2019B for \$7,860,000. Effective May 1, 2019, PAT entered into a lease agreement with SECS as a requirement per the bond indenture that runs until the maturity of the bond, June 1, 2054. The lease agreement has financial covenants effective for the fiscal year ended June 30, 2021 that PAT must meet in order to remain in compliance with the lease agreement. PAT met the financial covenants for the year ended June 30, 2021. Additionally, PAT has other administrative covenants as part of the lease agreement which they are currently meeting.

Lease Liability is as a result of implementing GASBS 87, PAT recorded a lease liability as of the beginning of the year. PAT has a building lease that is for a term of 32 years, starting on July 1, 2021, which is further described in Note C. The Lease Liability at June 30, 2022 amounts to \$2,302,166.

The following table summarizes PAT’s future debt service as of June 30, 2022:

Year ending June 30,	Lease Liability <u>Principal</u>	Interest - Lease <u>Liability</u>
2023	\$ 6,586	\$ 137,956
2024	9,631	137,481
2025	14,088	136,782
2026	18,418	135,815
2027	21,453	134,630
2028 - 2032	186,878	644,479
2033 - 2037	265,165	576,331
2038 - 2042	353,615	484,461
2043 - 2047	476,955	361,144
2048 - 2052	645,993	194,312
2053 - 2057	<u>303,384</u>	<u>18,546</u>
Total	<u>\$ 2,302,166</u>	<u>\$ 2,961,937</u>

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE E – RELATED PARTY**

As discussed in Note D, PAT shares a facility with SECS. The schools also share certain administrative and maintenance employees, costs to operate the facility and SECS administers the National School Lunch Program for PAT. At times, there are balances due between the schools. At June 30, 2022, there was \$8,436 due to SECS for reimbursement of shared costs.

**NOTE F – ACCRUED ADMINISTRATIVE RETIREMENT**

The Board of Directors voted to create Administrative Retirement Package for its Principal and Vice Principal who have over 10 or more years of service with PAT. The Board agreed to set aside this retirement liability over a two year period. The amount of \$120,000 has been accrued at June 30, 2022.

**NOTE G – RISK MANAGEMENT**

PAT is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. PAT purchases commercial insurance for all material risks of loss to which PAT is exposed, including general liability, property and workers compensation.

PAT did not have any settlements that exceeded insurance coverage for the years ended June 30, 2020 – 2022.

**NOTE H – COVID-19**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States (U.S.). On March 11, 2021, the World Health Organization characterized COVID-19 as a pandemic, and multiple jurisdictions in the U.S. have declared states of emergency. The impact of the pandemic on the U.S. economy during 2021 was severe and is expected to continue for some time.

Management continues to evaluate and monitor the potential adverse effect that this event may have on PAT's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.



**PARAGON ACADEMY OF TECHNOLOGY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE I – SUBSEQUENT EVENTS AND DATE OF MANAGEMENT’S REVIEW**

In February 2022, the Russian Federation launched a full-scale invasion against Ukraine, and sustained conflict and disruption in the region is ongoing. The effect on PAT at this time is unknown as the situation is still evolving.

Management has evaluated subsequent events through September 29, 2022, which is the date the financial statements became available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(UNAUDITED)**

	Original Budget	Final Budget	General Fund	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ -	\$ -	\$ -	\$ -
State passed through local school district	991,633	1,122,257	848,794	(273,463)
Investment earnings	-	-	-	-
Other revenue	-	118,600	146,060	27,460
	<u>991,633</u>	<u>1,240,857</u>	<u>994,854</u>	<u>(246,003)</u>
<b>Expenses</b>				
Instruction	466,540	514,380	461,219	(53,161)
Pupil personnel services	32,839	27,147	35,483	8,336
Instruction and curriculum development services	-	1,578	-	(1,578)
Instructional staff training services	-	1,906	1,474	(432)
Instructional support services	-	-	-	-
Instructional related technology	-	2,858	204	(2,654)
Board expenses	13,711	13,711	59,535	45,824
General expenses	-	48,377	-	(48,377)
School administration	195,655	147,278	276,052	128,774
Facilities and acquisition	10,000	10,000	2,075	(7,925)
Fiscal services	36,904	36,904	37,745	841
Pupil transportation	31,811	31,811	24,834	(6,977)
Operation of plant	172,512	254,645	94,174	(160,471)
Maintenance of plant	9,621	9,621	10,644	1,023
Interest expense - lease liability	-	-	126,727	126,727
Total expenses	<u>969,593</u>	<u>1,100,216</u>	<u>1,130,166</u>	<u>29,950</u>
Excess/(Deficit) of revenues over expenditures	\$ 22,040	\$ 140,641	(135,312)	\$ (275,953)
<b>Other Financing Sources</b>				
Proceeds from Paycheck Protection Program loan	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net changes in fund balance	22,040	140,641	(135,312)	(275,953)
Fund Balance, July 1, 2021	<u>401,445</u>	<u>401,445</u>	<u>401,445</u>	<u>-</u>
Fund Balance, June 30, 2022	<u>\$ 423,485</u>	<u>\$ 542,086</u>	<u>\$ 266,133</u>	<u>\$ (275,953)</u>

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(UNAUDITED)**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ 48,224	\$ 48,224	\$ 55,612	\$ 7,388
State passed through local school district	-	-	-	-
Investment earnings	-	-	-	-
Other revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	48,224	48,224	55,612	7,388
<b>Expenses</b>				
Instruction	17,680	17,680	52,198	(34,518)
Pupil personnel services	384	384	2,164	(1,780)
Instruction and curriculum development services	30,160	30,160	-	30,160
Instructional staff training services	-	-	-	-
Instructional related technology	-	-	-	-
Board expenses	-	-	-	-
School administration	-	-	-	-
Fiscal services	-	-	-	-
Pupil transportation	-	-	-	-
Operation of plant	-	-	1,250	(1,250)
Maintenance of plant	-	-	-	-
Interest expense - lease liability	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	48,224	48,224	55,612	(7,388)
Revenues over Expenses	\$ -	\$ -	\$ -	\$ -
<b>Other Financing Sources</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	-	-	-
Fund Balance, July 1, 2021	\$ -	\$ -	\$ -	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, June 30, 2022	\$ -	\$ -	\$ -	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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



Members of:

- American Institute of CPAs
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  - Employee Benefit Plan Audit Quality Center
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Paragon Academy of Technology, Inc., ("PAT", a nonprofit organization), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Paragon Academy of Technology, Inc.'s basic financial statements and have issued our report thereon dated September 29, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PAT's internal control over financial reporting (internal control) as a basis for designing 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 PAT's internal control. Accordingly, we do not express an opinion on the effectiveness of the PAT's internal control.

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PAT'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*.

### **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.



Hollywood, Florida  
September 29, 2022



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  - Employee Benefit Plan Audit Quality Center
  - Government Audit Quality Center
  - Private Companies Practice Section
  - Tax Division
- Florida Institute of CPAs

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

To the Board of Directors of Paragon Academy of Technology, Inc., Florida,  
a Charter School and Component Unit of the District School Board  
of Broward County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Paragon Academy of Technology, Inc., Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 29, 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; and Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 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 are Paragon Academy of Technology, Inc. and 5381.

## **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 Paragon Academy of Technology, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Paragon Academy of Technology, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

## **Transparency**

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

## **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not 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 District School Board of Broward County and is not intended to be and should not be used by anyone other than these specified parties.



Infante & Company  
September 29, 2022