

SUMMIT ACADEMY CHARTER SCHOOL
CORAL SPRINGS, FLORIDA
(A CHARTER SCHOOL UNDER FLORIDA CHARTER
SCHOOL ORGANIZATION, INC. AND A
COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD, FLORIDA)

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

JUNE 30, 2022

SUMMIT ACADEMY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2022

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SUMMIT ACADEMY CHARTER SCHOOL
(A Charter School under Florida Charter School Organization, Inc.)

11421 N.W. 56th Drive,
Coral Springs, FL 33076

2021-2022

BOARD OF DIRECTORS

Ms. Regla Alvarez
Mr. Gem Vasquez
Ms. Roxana Tomas Ledesma
Mr. Julio Gonzalez
Ms. Karen Tresca

SCHOOL ADMINISTRATION

Mr. Gustavo Prats, Principal
Ms. Jennifer Carreno, Operations Manager



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Summit Academy Charter School
Coral Springs, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit Academy Charter School (the "School"), a charter school under Florida Charter School Organization, Inc., 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, each major fund, and the aggregate remaining fund information of Summit Academy Charter School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 September 30, 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.

A handwritten signature in black ink that reads "Verdy-De Amari-Trujillo-Alvarez". The signature is written in a cursive style and is centered on a light gray rectangular background.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022

Management's Discussion and Analysis
Summit Academy Charter School
June 30, 2022

The corporate officers of Summit Academy Charter School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2022, the School's second year of operations.

FINANCIAL HIGHLIGHTS

1. At year-end, the School had current assets of \$494,190.
2. The School's net position increased by \$181,388 during the year ended June 30, 2022.
3. At year-end, the School reported an increase in fund balance of \$215,657 and a total fund balance of \$352,381.

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 11-12 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 13-16 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 17-24 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 follows:

	Net Position	
	2022	2021
Assets		
Cash and cash equivalents	\$ 150,541	\$ 137,900
Due from other agencies	343,649	142,216
Deposits receivable and other assets	37,500	37,500
Capital assets, net	88,235	177,307
Right-of-use assets	5,142,060	-
Total Assets	\$ 5,761,985	\$ 494,923
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 179,309	\$ 180,892
Notes payable	-	322,261
Right-of-use liability	5,409,518	-
Total Liabilities	5,588,827	503,153
Net investment in capital assets	(179,223)	177,307
Unrestricted	352,381	(185,537)
Total Net Position	\$ 173,158	\$ (8,230)
Total Liabilities and Net Position	\$ 5,761,985	\$ 494,923

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

At June 30, 2022, the School's total assets were \$5,761,985 and total liabilities were \$5,588,827. At June 30, 2022, the School reported a total in net position of \$173,158. This was the School's third year of operations, and there was a significant improvement in net position during the year.

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

	2022	2021	Increase (Decrease) From Fiscal 2021
REVENUES			
Program Revenues			
Federal lunch program	\$ 204,623	\$ 47,949	\$ 156,674
Revenues from Federal and state sources	394,160	345,906	48,254
State capital outlay funding	214,027	-	214,027
Charges for services	212,330	-	212,330
General Revenues			
FEFP nonspecific revenue	3,028,989	3,241,213	(212,224)
Local and other revenue	17,115	215,033	(197,918)
Total Revenues	<u>\$ 4,071,244</u>	<u>\$ 3,850,101</u>	<u>\$ 221,143</u>
EXPENSES			
Instruction	\$ 1,920,659	\$ 2,092,348	\$ (171,689)
Instructional support services	69,753	67,751	2,002
Instructional and curriculum	20,080	19,060	1,020
Food services	166,876	97,996	68,880
General administration	76,496	137,295	(60,799)
School administration	863,217	233,281	629,936
Central services	13,300	10,621	2,679
School Board	27,505	17,175	10,330
Operation of plant	289,953	556,523	(266,570)
Maintenance of plant	102,083	45,995	56,088
Transportation	835	-	835
Administrative technology services	35,089	24,784	10,305
Community services	67,770	-	67,770
Interest on long-term debt	236,240	30,000	206,240
Total Expenses	<u>\$ 3,889,856</u>	<u>\$ 3,332,829</u>	<u>\$ 557,027</u>
Change in Net Position	181,388	517,272	(335,884)
Net Position (Deficit) at Beginning of Year	<u>(8,230)</u>	<u>(525,502)</u>	<u>517,272</u>
Net Position (Deficit) at End of Year	<u><u>\$ 173,158</u></u>	<u><u>\$ (8,230)</u></u>	<u><u>\$ 181,388</u></u>

The School's total revenues for the year ended June 30, 2022 were \$4,071,244 while its total expenses were \$3,889,856 for a net increase of \$181,388. This was the School's third year of operations.

FY22 was the first year the School was eligible for capital outlay funding. This was the first year enrichment was included in the revenue for the School. More students decided to participate in the NSLP program causing an increase in revenue.

FY21 was higher because grant funds were used for the one-time instructional materials. The food expenses increased because more students participated in the NSLP program. The additional expenses were offset by the increase in revenue. School administration increased due to the new reporting standards set by GASB for leases. The Right-of-Use asset interest and amortization is now being reported under Administration. Operation of plant decreased because of the same GASB reporting standards. The rent was removed from the books and placed on the balance sheet as a Right-of-Use liability. Maintenance costs increase substantially year over year due to inflation and minimum wage increases passed on by the vendors. Community service are the enrichment related expenses that were first reported FY22.

ACCOMPLISHMENTS

The School seeks for all students to achieve their highest potential. The School has received a school grade of “A” from the Florida Department of Education for their high-test scores on the Florida State Assessments. In addition, the school has received no at fault findings during the in-person FTE, ESE and ELL audit conducted by the Chief Auditors Office.

SCHOOL LOCATION

The School operates in the Coral Springs area located at 11421 NW 56th Drive, Coral Springs, FL 33076.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Jennifer Carreno, Operations Manager, at 11421 NW 56th Drive, Coral Springs, FL 33076.

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 net change in fund balance of \$215,657 and reported a combined fund balance at year-end of \$352,381.

CAPITAL ASSETS AND RIGHT-OF-USE

The School’s investment in capital assets and right-of-use, as of June 30, 2022, amounts to \$5,230,295 (net of accumulated depreciation). This investment in capital assets includes improvements, furniture, fixtures and equipment.

LONG-TERM DEBT

In May 2019, the School entered into a loan agreement with Charter School Partners, LLC for \$250,000 to support the School's operations. In addition, in August 2019, the School entered into a loan agreement with American Charter Development, LLC for \$250,000 to serve as an advance on funds the School was awarded pursuant to the Public Charter School Grant Program. These loans were paid in full during 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	\$ 3,093,166	\$ 3,093,166	\$ 3,028,989
State capital outlay funding	249,900	249,900	214,027
Federal passed through state	454,160	454,160	598,783
Charges for services	65,000	65,000	212,330
Local and other revenue	17,115	17,115	17,115
TOTAL REVENUES	<u>\$ 3,879,341</u>	<u>\$ 3,879,341</u>	<u>\$ 4,071,244</u>
EXPENDITURES			
Instruction	\$ 2,124,354	\$ 2,124,354	\$ 1,841,028
Instructional support services	68,090	68,090	69,753
Instructional and curriculum	5,000	5,000	20,080
Food services	60,000	60,000	166,876
General administration	89,143	89,143	76,496
School administration	239,865	239,865	422,373
Central services	-	-	13,300
School Board	28,000	28,000	27,505
Operation of plant	130,017	130,017	289,953
Maintenance of plant	62,000	62,000	102,083
Fiscal services	79,000	79,000	-
Transportation	25,000	25,000	835
Administrative technology services	28,500	28,500	35,089
Community services	64,590	64,590	67,770
Capital Outlay:			
Other capital outlay	-	-	5,573,463
Debt service	719,548	719,548	719,548
TOTAL EXPENDITURES	<u>\$ 3,723,107</u>	<u>\$ 3,723,107</u>	<u>\$ 9,426,152</u>
Net change in fund balance	<u>\$ 156,234</u>	<u>\$ 156,234</u>	<u>\$ (5,354,908)</u>
OTHER FINANCING SOURCES			
Right-of-use	-	-	5,570,565
Net change in fund balance	<u>\$ 156,234</u>	<u>\$ 156,234</u>	<u>\$ 215,657</u>

Instructional is less than budgeting because the school did not need as many supplies as anticipated at budgeting time. The price for the curriculum items increased four-fold. Food expenses are hard to estimate. The expense depends on the number of students participating. School administration is high because of the GASB reporting standards that were incorporated in FY22. The school had to hire an outside contractor when the internal employee left. Maintenance cost substantial in FY22 due to inflation and minimum wage costs passed on from the vendors. The school did not run buses as originally planned. Other Capital Outlay and Right-of-Use are a result of the new GASB reporting standards.

SUMMIT ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 150,541
Due from other agencies	343,649
TOTAL CURRENT ASSETS	<u>494,190</u>
CAPITAL ASSETS, NET	
Depreciable capital assets, net of accumulated depreciation	88,235
TOTAL CAPITAL ASSETS, NET	<u>88,235</u>
Deposits receivable and other assets	37,500
Right-of-use assets	5,142,060
TOTAL ASSETS	<u><u>\$ 5,761,985</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 71,527
Accrued payroll and related expenses	107,782
Right-of-use liability - current	263,227
TOTAL CURRENT LIABILITIES	<u>442,536</u>
Right-of-use liability	5,146,291
TOTAL LIABILITIES	<u>5,588,827</u>
NET POSITION	
Invested in capital assets	(179,223)
Unrestricted	352,381
TOTAL NET POSITION	<u>173,158</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 5,761,985</u></u>

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

**SUMMIT ACADEMY CHARTER SCHOOL
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	\$ 1,920,659	\$ -	391,537	\$ -	\$ (1,529,122)
Instructional and student support services	69,753	-	-	-	(69,753)
Instructional and curriculum development	20,080	-	-	-	(20,080)
Food services	166,876	-	204,623	-	37,747
General administration	76,496	-	-	-	(76,496)
School administration	863,217	-	-	-	(863,217)
Central services	13,300	-	-	-	(13,300)
School Board	27,505	-	-	-	(27,505)
Operation of plant	289,953	-	2,623	214,027	(73,303)
Maintenance of plant	102,083	-	-	-	(102,083)
Transportation	835	-	-	-	(835)
Administrative technology services	35,089	-	-	-	(35,089)
Community services	67,770	212,330	-	-	144,560
Interest expense	236,240	-	-	-	(236,240)
Total Governmental Activities	\$ 3,889,856	\$ 212,330	\$ 598,783	\$ 214,027	\$ (2,864,716)
GENERAL REVENUES:					
					3,028,989
					17,115
					<u>3,046,104</u>
					181,388
					<u>(8,230)</u>
					<u>\$ 173,158</u>

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

**SUMMIT ACADEMY CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Special Revenue Fund	Governmental Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 150,541	\$ -	\$ 150,541
Due from other agencies	300,405	43,244	343,649
Deposits	37,500	-	37,500
Due from other fund	5,497	-	5,497
TOTAL ASSETS	<u>\$ 493,943</u>	<u>\$ 43,244</u>	<u>\$ 537,187</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 71,527	\$ -	\$ 71,527
Accrued payroll and related expenses	107,782	-	107,782
Due to other funds	-	5,497	5,497
TOTAL LIABILITIES	<u>179,309</u>	<u>5,497</u>	<u>184,806</u>
 FUND BALANCE			
Nonspendable			
Deposits	37,500	-	37,500
Restricted	-	37,747	37,747
Unassigned	277,134	-	277,134
TOTAL FUND BALANCE	<u>314,634</u>	<u>37,747</u>	<u>352,381</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 493,943</u>	 <u>\$ 43,244</u>	 <u>\$ 537,187</u>

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

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

Total Fund Balance - Governmental Funds	\$	352,381
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		88,235
Right-of-use assets and liabilities used in governmental activities are not financial resources or obligations and therefore are not reported.		
	Right-of-use asset	5,142,060
	Right-of-liability	(5,409,518)
		<u>(267,458)</u>
Total Net Position - Governmental Activities	<u>\$</u>	<u>173,158</u>

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

**SUMMIT ACADEMY CHARTER SCHOOL
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	\$ 3,028,989	\$ -	\$ -	\$ 3,028,989
Federal lunch program	-	204,623	-	204,623
Federal passed through state	-	394,160	-	394,160
State capital outlay funding	-	-	214,027	214,027
Local and other revenue:				
Charges for services	212,330	-	-	212,330
Other	17,115	-	-	17,115
TOTAL REVENUES	\$ 3,258,434	\$ 598,783	\$ 214,027	\$ 4,071,244
EXPENDITURES				
Current:				
Instruction	\$ 1,449,491	\$ 391,537	\$ -	\$ 1,841,028
Instructional support services	69,753	-	-	69,753
Instructional and curriculum	20,080	-	-	20,080
Food services	-	166,876	-	166,876
General administration	76,496	-	-	76,496
School administration	422,373	-	-	422,373
Central services	13,300	-	-	13,300
School Board	27,505	-	-	27,505
Operation of plant	287,330	2,623	-	289,953
Maintenance of plant	102,083	-	-	102,083
Fiscal services	-	-	-	-
Transportation	835	-	-	835
Administrative technology services	35,089	-	-	35,089
Community services	67,770	-	-	67,770
Capital Outlay:				
Other capital outlay	2,898	-	5,570,565	5,573,463
Debt service:				
Principal retirement	322,261	-	161,047	483,308
Interest	183,260	-	52,980	236,240
Other	-	-	-	-
TOTAL EXPENDITURES	\$ 3,080,524	\$ 561,036	\$ 5,784,592	\$ 9,426,152
Excess of expenditures over revenue	177,910	37,747	(5,570,565)	(5,354,908)
OTHER FINANCING SOURCES				
Right-of-use	-	-	5,570,565	5,570,565
Total other financing sources	-	-	5,570,565	5,570,565
NET CHANGE IN FUND BALANCE	177,910	37,747	-	215,657
Fund balance at beginning of year	136,724	-	-	136,724
Fund balance at end of year	\$ 314,634	\$ 37,747	\$ -	\$ 352,381

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

**SUMMIT ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022**

Change in Fund Balance - Governmental Funds \$ 215,657

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	2,898
Depreciation expense	(85,902)
Loss on disposal	(6,068)

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

Repayments of principals	483,308
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In the statement of activities, amortization of the right-of-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds it is not included. (428,505)

Change in Net Position of Governmental Activities	\$ 181,388
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The accompanying notes are an integral part of this financial statement.

**SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Summit Academy Charter School (the “School”) is a charter school sponsored by the School Board of Broward County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by Summit Academy Charter School, Inc., 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. The School is governed by a Board of Directors composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School’s charter agreement is for a term of five years beginning July 1, 2019 through June 30, 2024. 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 400 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.

**SUMMIT ACADEMY CHARTER SCHOOL
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.

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.

**SUMMIT ACADEMY CHARTER SCHOOL
 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.

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 (years)
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.

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 (\$179,223).
- 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.

**SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, there is no non-spendable fund balance.
- 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.

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.

**SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources (continued)

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

Summit Academy Charter School, 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.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2022, which is the date the financial statements were available to be issued.

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 \$150,000 and did not exceed the FDIC limit.

NOTE 4 – 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. At June 30, 2022, the due from other agencies amount of \$343,649 is mainly comprised of federal funding under the Governor's Emergency Education Relief Fund due from the Florida Department of Education for the 2021-2022 school year, totaling \$300,405. Amounts are considered fully reimbursable and no allowance has been recorded at June 30, 2022.

**SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 5 - CAPITAL ASSETS AND RIGHT- OF- USE

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

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital Assets				
Improvements other than building	\$ 59,400	\$ 2,898	\$ -	\$ 62,298
Furniture, fixtures, and equipment	238,626	-	(6,068)	232,558
Total Capital Assets	<u>\$ 298,026</u>	<u>\$ 2,898</u>	<u>\$ (6,068)</u>	<u>\$ 294,856</u>
Less Accumulated Depreciation				
Improvements other than building	\$ (15,973)	\$ (12,339)	\$ -	\$ (28,312)
Furniture, fixtures, and equipment	(104,746)	(73,563)	-	(178,309)
Total Accumulated Depreciation	<u>\$ (120,719)</u>	<u>\$ (85,902)</u>	<u>\$ -</u>	<u>\$ (206,621)</u>
Capital Assets, net	<u>\$ 177,307</u>	<u>\$ (83,004)</u>	<u>\$ (6,068)</u>	<u>\$ 88,235</u>

For the year ended June 30, 2022, depreciation expense totaled \$85,902, of which \$73,563 was allocated to instruction and \$12,339 was allocated to school administration in the statement of activities.

The following schedule provides changes in right-to-use assets:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Right-of-use assets				
Right-of-use asset - Facilities	\$ -	\$ 5,570,565	\$ -	\$ 5,570,565
Total capital assets	<u>-</u>	<u>5,570,565</u>	<u>-</u>	<u>5,570,565</u>
Less accumulated amortization				
Right-of-use assets - Facilities	-	(428,505)	-	(428,505)
Total accumulated depreciation	<u>-</u>	<u>(428,505)</u>	<u>-</u>	<u>(428,505)</u>
Right-of-use assets, net	<u>\$ -</u>	<u>\$ 5,142,060</u>	<u>\$ -</u>	<u>\$ 5,142,060</u>

Amortization expense for the year ended June 30, 2022 was \$428,505, which was allocated to the operations of the plant.

NOTE 6 – LONG-TERM LIABILITIES

In May 2019, the School entered into a loan agreement with Charter School Partners, LLC (“CSP”) for \$250,000 to support the School’s operations. CSP is owned by a member of the School’s administration. See Note 8. The note was fully paid as of June 30, 2022.

On August 8, 2019, the School entered into a loan agreement with American Charter Development, LLC (“ACD”) for \$250,000 to serve as an advance on funds the School was awarded pursuant to the Public Charter School Grant Program. The note was fully paid as of June 30, 2022.

**SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – LONG-TERM LIABILITIES (Continued)

The following schedule provides a summary of changes in long-term liabilities for the year ended June 30, 2022:

	Balance July 1, 2021	Borrowings	Repayments	Balance at June 30, 2022
Note payable - CSP	\$ 72,261	\$ -	\$ (72,261)	\$ -
Note payable - ACD	250,000	-	(250,000)	-
Total notes payable	<u>\$ 322,261</u>	<u>\$ -</u>	<u>\$ (322,261)</u>	<u>\$ -</u>

NOTE 7 – PROFESSIONAL SERVICES CONTRACT

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 approximately \$48,000. At June 30, 2022 the School owed \$7,276 to Building Hope Services which is included in accounts payable and accrued liabilities.

NOTE 8 - RELATED PARTY TRANSACTIONS

In May 2019, the School entered into a loan agreement with Charter School Partners, LLC, which is owned by the School's principal. See Note 6.

NOTE 9 – COMMITMENTS

The School entered into an agreement to lease facilities from F.P Dino, Inc. for an initial term of 3 years, commencing on July 1, 2019, with a right to extend the lease after the initial term for an additional 2 years ("option term"). During the initial term, the School shall pay an annual rent of \$1,000 per student. During the option term, the School shall pay an annual rent of \$1,100 per student in the first year and \$1,200 per student in the second year. The agreement includes a minimum student enrollment each year. However, during the year ended June 30, 2021, the minimum rent was reduced to \$17,000 per month through September 2020. Commencing October 2021, the rent was increased to \$350,000 per year, payable on a monthly basis.

In August 2022, the lease was amended with different terms and landlords effective July 1, 2022. The amended lease is a 10 year lease with minimum lease payments indicated below. The minimum lease payment is calculated on a minimum amount per student enrolled of \$1,111 to \$1,476 depending on the year of the lease.

The lease is personally guaranteed by the School's Principal, Gus Prats.

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

Fiscal Year Ended	Principal	Interest	Total
2023	\$ 263,227	\$ 264,498	\$ 527,725
2024	354,486	249,264	603,750
2025	430,179	229,821	660,000
2026	472,448	207,352	679,800
2027	517,487	182,707	700,194
Thereafter	3,371,691	457,258	3,828,949
Total	<u>\$ 5,409,518</u>	<u>\$ 1,590,900</u>	<u>\$ 7,000,418</u>

**SUMMIT ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9 – COMMITMENTS (Continued)

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% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was \$251,597 and the amortization of the right-to-use asset was approximately \$509,109 for the year ended June 30, 2022.

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022
Right-of-use liability	\$ -	\$ 5,570,565	\$ (161,047)	\$ 5,409,518
	<u>\$ -</u>	<u>\$ 5,570,565</u>	<u>\$ (161,047)</u>	<u>\$ 5,409,518</u>

NOTE 10 – 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. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements as the School believe amounts, if any, would not be material.

NOTE 11 – 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 12 – COVID-19 PANDEMIC

The World Health Organization (“WHO”) declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the School cannot reasonably estimate the extent to which this disruption may continue to impact the School’s financial statements and future results of operations.

REQUIRED SUPPLEMENTAL INFORMATION

**SUMMIT ACADEMY CHARTER SCHOOL
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	\$ 3,093,166	\$ 3,093,166	\$ 3,028,989
Charges for services	65,000	65,000	212,330
Local and other revenue	17,115	17,115	17,115
TOTAL REVENUES	\$ 3,175,281	\$ 3,175,281	\$ 3,258,434
EXPENDITURES			
Instruction	\$ 1,732,817	\$ 1,732,817	\$ 1,449,491
Instructional support services	68,090	68,090	69,753
Instructional and curriculum	5,000	5,000	20,080
General administration	89,143	89,143	76,496
School administration	239,865	239,865	422,373
Central services	-	-	13,300
School Board	28,000	28,000	27,505
Operation of plant	127,394	127,394	287,330
Maintenance of plant	62,000	62,000	102,083
Fiscal services	79,000	79,000	-
Transportation	25,000	25,000	835
Administrative technology services	28,500	28,500	35,089
Community services	64,590	64,590	67,770
Capital Outlay:			
Other capital outlay	-	-	2,898
Debt service	505,521	505,521	505,521
TOTAL EXPENDITURES	\$ 3,054,920	\$ 3,054,920	\$ 3,080,524
 Net change in fund balance	 \$ 120,361	 \$ 120,361	 \$ 177,910

See accompanying note to the required supplemental information.

**SUMMIT ACADEMY CHARTER SCHOOL
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 passed through state	\$ 454,160	\$ 454,160	\$ 598,783
TOTAL REVENUES	<u>\$ 454,160</u>	<u>\$ 454,160</u>	<u>\$ 598,783</u>
EXPENDITURES			
Instruction	\$ 391,537	\$ 391,537	\$ 391,537
Food services	60,000	60,000	166,876
Operation of plant	2,623.00	2,623	2,623
TOTAL EXPENDITURES	<u>\$ 454,160</u>	<u>\$ 454,160</u>	<u>\$ 561,036</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,747</u>

See accompanying note to the required supplemental information.

**SUMMIT ACADEMY CHARTER SCHOOL
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
Summit Academy Charter School
Coral Springs, 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 Summit Academy Charter School (the "School") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 30, 2022.

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 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022



MANAGEMENT LETTER

Board of Directors of
Summit Academy Charter School
Coral Springs, Florida

Report on the Financial Statements

We have audited the financial statements of Summit Academy Charter School (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 September 30, 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 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 report.

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 Summit Academy Charter School and #364281.

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 financial 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 not deteriorating.

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: Cash and Credit Cards accounts not being included

Condition and Criteria

It was noted that a bank account and a credit card account were not included on the books and records of the school.

Cause

In our testing, we noted transactions of a certain bank account and a credit card were not included in the books and records.

Effect

The financial statements did not reflect all the activity of the school.

Recommendation

All activities of the school should be recorded on the financial statements.

Management response

The unrecorded accounts were believed not to be directly related to the operations of the School and therefore, not reported. Reporting the revenue from the bank statement even with the expenses on the credit card actually improved the School's financial position. The School will improve our process to ensure that all activity is reflected on the School's financial statements.

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 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 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.

A handwritten signature in black ink that reads "Verdy-DeKumar-Trujillo-Alvarez". The signature is written in a cursive style and is centered on the page.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2022