

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
dba
SunEd HIGH OF SOUTH BROWARD
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORTS THEREON

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022



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SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF SOUTH BROWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

The discussion and analysis of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The year ended June 30, 2022 represents the third year of operations under a five-year contract for the School. Operations of the School are under direct control of the governing board. The governing board has hired a Principal to oversee educational aspects of the School and contracted an educational management company, Gold Key Group, Inc. to manage all business operations related to the School. Gold Key Group, Inc. has worked previously with this governing board as the educational service provider for Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward, also in Broward County, FL.

Governmental Accounting Standards Board Statement (GASB) No. 87 – Leases

GASB 87 requires recognition of intangible right-to-use lease assets and their related long-term lease liabilities. Previous to issuance of GASB 87, such leases were classified as operating leases and payments related to the contract were recognized as expenditures. Financial statements have been restated to reflect implementation of GASB 87.

Financial Highlights

On March 27, 2020, the President signed the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act offers, in part, stimulus funds in the form of forgivable loans and modifications of tax provisions previously passed in the Tax Cuts and Jobs Act. The uncertainty of the pandemic required the School to move to include distance learning options throughout the FY21 school year. During FY22, students were required to return to campus.

During FY20, the School applied for and received proceeds from a loan originated from Bank United and the Small Business Administration (SBA) for \$97,347. During FY21, the loan was totally forgiven and appears as revenue after income from operations. No such funds were received during FY22.

At the close of the fiscal year, assets of the School exceeded liabilities by \$146,614 (net position). This is an increase of \$47,712 from the prior year when liabilities exceeded assets by \$98,902. Current year average enrollment decreased by 31 – to 180 from 211 students. SunEd High of South Broward is operated by Sunshine Charter Academy of Broward, Inc. in Broward County, FL. SunEd High of North Broward, was approved by the School District of Broward County and opened in August 2015. During FY20, monies accumulated over five years of operations in SunEd High of North Broward provided cash flow support to SunEd High of South Broward. Per the governing Board of Directors, beginning FY20, approximately one-third of the intercompany transfers of the first year of operations have been forgiven during FY20, FY21 and FY22.

Using this Financial Report

This report consists of the following six parts: 1) Management's discussion and analysis; 2) The basic financial statements; 3) Notes to the financial statements; 4) Required supplementary information; 5) Individual Auditor's Report; and 6) Management letter.

Basic financial statements include two kinds of statements presenting different views of the School:

- 1) The "Statement of Net Position" and the "Statement of Activities" are government-wide financial statements that provide information about the School's overall financial status.
- 2) The "Balance Sheet" and the "Statement of Revenues, Expenditures and Changes in Fund Balance", are fund financial statements that focus on individual parts of the School. These statements are more detailed than the government-wide statements.

Government-Wide Financial Statements

These statements report information about the School as a whole using accounting methods similar to those used by the private sector. The "Statement of Net Position" includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. Changes in net position, the difference between the School's assets and liabilities, provide an indicator of improving or deteriorating financial position.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF SOUTH BROWARD
MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022
(continued)

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

	<u>2022</u>	<u>2021</u> <i>Restated</i>	Increase (Decrease)
Assets			
Current assets	\$ 473,337	\$ 469,002	\$ 4,335
Right-to-use assets, net	1,321,396	1,512,441	(191,045)
Capital assets, net	<u>73,060</u>	<u>117,810</u>	<u>(44,750)</u>
Total assets	<u>\$ 1,867,793</u>	<u>\$ 2,099,253</u>	<u>\$ (231,460)</u>
Liabilities			
Current liabilities	\$ 239,729	\$ 365,391	\$ (125,662)
Long term liabilities	<u>1,481,450</u>	<u>1,634,960</u>	<u>(153,510)</u>
Total liabilities	<u>\$ 1,721,179</u>	<u>\$ 2,000,351</u>	<u>\$ (279,172)</u>
Net assets			
Invested in capital assets	\$ 73,060	\$ 117,810	\$ (44,750)
Unrestricted	<u>73,554</u>	<u>(18,908)</u>	<u>92,462</u>
Total net position	<u>\$ 146,614</u>	<u>\$ 98,902</u>	<u>\$ 47,712</u>

The School’s net capital assets are represented primarily by leasehold improvements, computer workstations, tables and chairs. Implementation of GASB 87 is responsible for the addition of the right-to-use lease asset and the related lease note payable. Current liabilities are comprised of twenty percent (20%) accrued payroll expenses, twenty-eight percent (28%) general operating accounts payable, and fifty-two percent (52%) related party transactions (Note 3). Long term liabilities at June 30, 2022 and 2021 are represented entirely by the lease note payable.

Change in Net Position

The table on the following page provides a comparative summary of the School’s changes in net position, revenues and expenses for FY22 and FY21.

Revenues from state and local sources are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with funding provisions of the charter and Section 1002.33(18), F.S., the School reports the number of full-time equivalent students and related data to the District. Under the provisions of Section 1011.62, F.S., the District reports the number of full-time equivalent students and related data to the Florida Department of Education (“FDOE”) for funding through the Florida Education Finance Program (FEFP). During the year, funding is adjusted to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods in October and February. For FY22 and FY21, the School was paid on average enrollment of 180.29 and 210.94 students, respectively.

The School was awarded a \$475,630 Charter School Program Grant (CSP) through the Florida Department of Education. The total award was increased during FY21 to \$564,288. During FY21, \$191,876 was received. Of this amount, \$139,293 reimbursed amounts spent during FY21 and \$52,583 reimbursed amounts spent prior to FY21. During FY20, \$372,412 was received and spent under this grant. No such funds were received in FY22.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF SOUTH BROWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

Change in Net Position (continued)

	2022	2021 <i>Restated</i>	Increase (Decrease)
Revenues			
Federal sources	\$ 11,470	\$ 27,534	\$ (16,064)
Charter School Program Grant	-	191,876	(191,876)
State and local sources	1,356,173	1,456,386	(100,213)
Capital outlay	95,420	112,585	(17,165)
Other revenue	779	479	300
Total revenues	<u>1,463,842</u>	<u>1,788,860</u>	<u>(325,018)</u>
Expenses			
Instruction	429,984	424,108	5,876
Instructional support services	79,872	36,136	43,736
Board	11,951	11,787	164
Central services	66,067	71,250	(5,183)
School administration	554,375	614,345	(59,970)
Pupil transportation services	20,455	-	20,455
Operation of plant	344,375	305,580	38,795
Maintenance of plant	16,306	10,084	6,222
Total expenses	<u>1,523,385</u>	<u>1,473,290</u>	<u>50,095</u>
Change in net position from operations	(59,543)	315,570	(375,113)
Gain on the extinguishment of debt	-	97,347	(97,347)
Right-to-use lease interest	(62,745)	(60,917)	(1,828)
Transfers in	170,000	170,000	-
Total change in net position	<u>\$ 47,712</u>	<u>\$ 522,000</u>	<u>\$ (474,288)</u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of sources of funding and spending.

The School's basic services are included in governmental funds which focus 1) on how financial assets can be converted to cash flows and 2) on the year-end balances available for spending.

In particular, unassigned fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. At the end FY22, the School's governmental funds reported an ending unassigned fund balance of \$162,933 – an increase from the prior year unassigned fund balance of \$62,247.

General Fund Budgetary Highlights

The School prepared an annual budget based on the expected funded enrollment figure for the school year. The original budget anticipated enrollment of 171.48 students. Actual enrollment figures resulted in average enrollment for FY22 of 180.29 students – a decrease of 30.65 students over FY21 when average enrollment was 210.94 students. The School became eligible to receive capital outlay funds in FY21. Capital outlay funds of \$95,420 and \$112,585 were received in FY22 and FY21, respectively.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF SOUTH BROWARD
MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022
(continued)

Capital Assets

The School had \$73,060 invested in net capital assets at June 30, 2022. The capitalization threshold for classification of long-term assets is \$1,000. The School’s net capital assets are represented by leasehold improvements, computers workstations, software, audio visual equipment and tables and chairs. For more information on capital assets, see Note 6 in the Notes to the Basic Financial Statements.

Capital Assets - Net of Depreciation/Amortization

	2022	2021	Increase (Decrease)
Leasehold improvements	\$ 22,128	\$ 20,376	\$ 1,752
Furniture, fixtures and equipment	12,436	20,418	(7,982)
Computer hardware	10,302	30,906	(20,604)
Audio visual	25,476	41,580	(16,104)
Computer software	2,718	4,530	(1,812)
Total	\$ 73,060	\$ 117,810	\$ (44,750)

Current Financial Statements

This fiscal year was the third year of the School’s operations under contract with the School District of Broward County. The Board of Directors of Sunshine Charter Academy of Broward, Inc. has contracted with Gold Key Group, Inc. to provide day-to-day management services including facilities, equipment, technology, operational support services, financial management, personnel management and consulting services. Gold Key Group, Inc. provides services for a percentage share of the per pupil revenues and of grant revenues received by the School.

Contacting the School’s Financial Management

This financial report is designed to provide interested parties with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact Barry Goldberg, Gold Key Group, Inc. at SunEd High of South Broward, (954) 284-7000; 2744 Davie Blvd, Fort Lauderdale, FL 33312.

Next Year’s Budget

Amounts available for appropriation in the general fund are approximately \$1.545 million for FY23. Budgeted expenditures in the general fund are approximately \$1.449 million. If the above estimates are realized, the general fund is expected to increase by approximately \$96,000 by the end of FY23.



Independent Auditor's Report

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward, a Charter School and Component Unit of the District School Board of Broward County, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward, a Charter School and Component Unit of the District School Board of Broward County, Florida, (the "School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements 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 Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward, a Charter School and Component Unit of the District School Board of Broward County, Florida as of and for the year ended June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the 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 representation 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 and 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 of 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance

McCrary and Associates, PLLC

Altamonte Springs, Florida
October 22, 2022

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SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

dba

SUNED HIGH OF SOUTH BROWARD

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

Statement of Net Position

June 30, 2022

Assets	<u>Governmental Activities</u>
Cash	\$ 402,662
Other assets	70,675
Right-to-use assets:	
Right-to-use lease asset	1,942,292
Less accumulated amortization	<u>(620,896)</u>
Total right-to-use assets, net	<u>1,321,396</u>
Capital assets:	
Leasehold improvements	46,788
Furniture, fixtures and equipment	28,731
Computer hardware	61,823
Audio visual	49,907
Computer software	5,427
Less accumulated depreciation	<u>(119,616)</u>
Total capital assets, net	<u>73,060</u>
Total assets	<u><u>\$ 1,867,793</u></u>
Liabilities	
Accrued payroll payable	\$ 47,989
Accounts payable and accrued expenses	191,740
Long-term liabilities:	
Lease note payable within one year	168,472
Lease note payable after one year	<u>1,312,978</u>
Total liabilities	<u><u>\$ 1,721,179</u></u>
Net Position	
Invested in capital assets, net of related debt	\$ 73,060
Unrestricted	<u>73,554</u>
Total net position	<u><u>\$ 146,614</u></u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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 SUNED HIGH OF SOUTH BROWARD

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

	<u>Expenses</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
				<u>Total Governmental Activities</u>
Governmental activities:				
Instruction	\$ 429,984	\$ -	\$ -	\$ (429,984)
Instructional support services	79,872	-	-	(79,872)
Board	11,951	-	-	(11,951)
School administration	554,375	4,965	-	(549,410)
Central services	66,067	-	-	(66,067)
Transportation	20,455	-	-	(20,455)
Operation of plant	344,375	2,446	95,420	(246,509)
Maintenance of plant	16,306	-	-	(16,306)
Total primary government	<u>\$ 1,523,385</u>	<u>\$ 7,411</u>	<u>\$ 95,420</u>	<u>(1,420,554)</u>
			Federal sources	4,059
			State and local sources	1,356,173
			Other revenue	779
			Total general revenues	<u>1,361,011</u>
			Change in net position from operations	(59,543)
			Lease note payable interest	(62,745)
			Forgiveness of intercompany debt	170,000
			Net position at beginning of year, restated	98,902
			Net position at end of year	<u>\$ 146,614</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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 SUNED HIGH OF SOUTH BROWARD

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

Balance Sheet – Governmental Fund

June 30, 2022

	Governmental Fund - General Fund
Assets	
Cash	\$ 402,662
Other assets	70,675
Total assets	\$ 473,337
Liabilities	
Accrued payroll payable	\$ 47,989
Accounts payable and accrued expenses	191,740
Total current liabilities	239,729
Fund Balance	
Nonspendable:	
Deposits	18,375
Prepaid expenses	52,300
Spendable:	
Unassigned	162,933
Total fund balance	233,608
Total liabilities and fund balance	\$ 473,337

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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SUNED HIGH OF SOUTH BROWARD

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

Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position

June 30, 2022

Total fund balance - governmental fund	\$	233,608
Amounts reported for governmental activities in the statement of net assets are different because:		
Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets consists of:		
Capital assets		192,676
Accumulated depreciation		(119,616)
Right-to-use lease asset		1,942,292
Accumulated amortization		(620,896)
Long-term liabilities, including notes payable, are not due And payable in the current period and, therefore, are not reported As liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Lease note payable		<u>(1,481,450)</u>
Total net position - governmental activities	\$	<u>146,614</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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SUNED HIGH OF SOUTH BROWARD

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

Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Fund

For the Year Ended June 30, 2022

	General Fund	Special Revenues Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Federal sources	\$ -	\$ 11,470	\$ -	\$ 11,470
State and local sources	1,356,173	-	-	1,356,173
Capital outlay funds	-	-	95,420	95,420
Other revenues	779	-	-	779
Total revenues	1,356,952	11,470	95,420	1,463,842
Expenditures				
Instruction	416,520	-	-	416,520
Instructional support services	79,872	-	-	79,872
Board	11,951	-	-	11,951
School administration	523,550	4,965	-	528,515
Central services	66,067	-	-	66,067
Student transportation	20,455	-	-	20,455
Operation of plant	252,279	2,446	95,420	350,145
Maintenance of plant	16,306	-	-	16,306
Capital outlay	14,014	-	-	14,014
Total expenditures	1,401,014	7,411	95,420	1,503,845
Net change in fund balance from operations	(44,062)	4,059	-	(40,003)
Forgiveness of debt	170,000	-	-	170,000
Transfers in (out)	4,059	(4,059)	-	-
Total change in fund balance	129,997	-	-	129,997
Fund balance at beginning of year	103,611	-	-	103,611
Fund balance at end of year	\$ 233,608	\$ -	\$ -	\$ 233,608

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH OF SOUTH BROWARD

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 Fund to the
Statement of Activities

For the Year Ended June 30, 2022

Net changes in fund balance - total governmental funds	\$ 129,997
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 and reported as depreciation expense.	
Capital outlay	14,014
Depreciation / amortization expense	(58,764)
Amortization of right-to-use asset is reported as an expense on the statement of activities, however, no amounts are reported in the Governmental funds. The amount incurred in the current period is:	(191,045)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	<u>153,510</u>
Change in net position of governmental activities	<u><u>\$ 47,712</u></u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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SUNED HIGH OF SOUTH BROWARD

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

Notes to Financial Statements

For the Year Ended June 30, 2022

1. DESCRIPTION OF SCHOOL AND REPORTING ENTITY

Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward (the "School") is 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 contracts with Gold Key Group, Inc. for management of day-to-day operations. (See Note 8) The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Broward County, Florida (the "District"). This contract may be renewed by mutual written agreement between the School and the District.

At the end of the term of the charter contract, the District may choose not to renew the agreement under grounds specified in the charter contract. In this case, the District is required to notify the School in writing at least 90 days prior to the charter contract's expiration. During the term of the charter, the District may also terminate the charter contract if good cause is shown. In the event of termination of the charter contract, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools.

The School is considered a component unit of the District and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which provides additional clarity and improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activities include the cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School did not identify fiduciary activities that would materially affect financial statements for this reporting period. The effective implementation date is June 30, 2020.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH OF SOUTH BROWARD

A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement 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 pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The original effective implementation date was June 30, 2021. However, GASB Statement No. 95 postponed the implementation of this statement to be effective for reporting periods beginning after June 15, 2021. Management's adoption of this Statement resulted in a restatement of the prior year's financial statements

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of A Construction Period*. This Statement would now require interest costs incurred before the end of the construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The effective implementation date is June 30, 2021. Currently, the School is not engaged in any construction projects but is aware of the effect of the adoption of this Statement for future projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School has adopted guidance issued by the GASB that established fund balance classifications that comprise of 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 definitions of existing governmental fund types and providing additional classifications of fund balance.

Basis of Presentation

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government-wide financial statements report about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the School consist of governmental activities. The School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled.

The funds in the financial statements of this report are the General Fund and Special Revenue Fund. The General Fund is the School's primary operating fund that accounts for all financial resources not required to be accounted for in another fund. For purposes of these statements, the General Fund and Special Revenue Fund constitute major funds.

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Notes to Financial Statements
(continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

Fund Financial Statements

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. Revenues are considered available if they are collected within 60 days after the end of the current fiscal year.

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.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level.

Cash and Cash Equivalents

All cash received by the School is maintained in demand deposit accounts. Under current regulations, deposit accounts are insured by the FDIC up to \$250,000 per insured institution. The School currently holds its deposit accounts at one institution. At June 30, 2022, these accounts total \$402,622. Amounts deposited above the FDIC insured amount equal approximately \$152,662. The School does not anticipate any losses associated with their accounts.

Capital Assets and Depreciation

The School's capitalization threshold is \$1,000 overall. Capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation or amortization. Depreciation is computed using the straight-line method over three years for furniture, fixtures and equipment and for computer hardware/software. Amortization of leasehold improvements is charged over the remaining life of the lease.

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SUNED HIGH OF SOUTH BROWARD

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Notes to Financial Statements
(continued)

Net Position and Fund Balance Classifications

Government-Wide Financial Statements

Net Position is classified and reported in three components.

- Investment in capital assets, net of related debt – consists of capital asset net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

Fund Financial Statements

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

- Nonspendable – 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). All nonspendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance classification includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- 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 Governance.
- Assigned – fund balance classification includes amounts that 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.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for non-general funds to be classified as restricted fund balance. It is also possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

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Notes to Financial Statements
(continued)

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program (FEFP). During the year, funding is adjusted to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The District receives a 5% administrative fee for the first 250 students from the School, which is reflected as a general administration expense/expenditure in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

The School was awarded a Charter School Program Grant (CSP). Amounts received under this program are based on the School's approved budget narrative submitted to the Florida Department of Education and the Broward School District. Funds received under this program are received in the form of reimbursements.

The School became eligible for charter school capital outlay funding in FY21. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net assets and restricted fund balance in the accompanying Statement of Net Position and Balance Sheet - Governmental Funds, respectively.

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

The School regularly assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit.

The organization's income tax returns for the tax years 2020, 2019, and 2018 are subject to examination by tax authorities and may change upon examination. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

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Notes to Financial Statements
(continued)

Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Guidance has been adopted that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through October 22, 2022, which is the date the financial statements were available to be issued.

3. RELATED PARTY TRANSACTIONS

In August 2019, this School was opened as SunEd High of South Broward by the Board of Directors of Sunshine Charter Academy of Broward, Inc. as the second school operated by Sunshine Charter Academy of Broward, Inc. SunEd High of North Broward was opened in FY16. During the routine course of business, invoices and payroll which applied to both schools may have been paid by a single entity. The amounts are reimbursed to the appropriate school. The School tracks these amounts due to or from each related school separately. Amounts due to related party – SunEd High of North Broward as of June 30, 2020 totaled \$464,438. The Board of Directors passed a resolution forgiving approximately \$175,000 of the intercompany payable at June 30, 2020 and forgiving \$170,000 of the intercompany payable at June 30, 2021 and 2022. The amount is included after net income from operations in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance - governmental fund.

4. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an assets or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

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Notes to Financial Statements
(continued)

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School's significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

5. OTHER CURRENT ASSETS

Other current assets equal \$70,675. Twenty-six percent (26%) of other current assets is comprised of security deposits of \$18,375. The remaining seventy-four percent (74%) of current assets is comprised of \$36,659 (52%) prepaid software, \$15,641 (22%) other prepaid expenses.

6. CAPITAL ASSETS AND DEPRECIATION - For the year ended June 30, 2022, the School's capital assets consisted of the following:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Leasehold improvements	\$ 33,972	\$ 12,816	\$ 46,788
Furniture, fixtures and equipment	27,533	1,198	28,731
Computer hardware	61,823	-	61,823
Audio visual	49,907	-	49,907
Computer software	5,427	-	5,427
	<u>178,662</u>	<u>14,014</u>	<u>192,676</u>
Less accumulated depreciation:			
Leasehold improvements	(13,596)	(11,064)	(24,660)
Furniture, fixtures and equipment	(7,115)	(9,180)	(16,295)
Computer hardware	(30,917)	(20,604)	(51,521)
Audio visual	(8,327)	(16,104)	(24,431)
Computer software	(897)	(1,812)	(2,709)
	<u>(60,852)</u>	<u>(58,764)</u>	<u>(119,616)</u>
Total depreciation expense	<u>(60,852)</u>	<u>(58,764)</u>	<u>(119,616)</u>
Net capital assets	<u>\$ 117,810</u>	<u>\$ (44,750)</u>	<u>\$ 73,060</u>

Depreciation and amortization expense of \$58,764 was allocated and charged to the functions listed below in the accompanying Statement of Activities.

Instruction	\$ 13,464
Administration	25,860
Operations	<u>19,440</u>
Total depreciation expense	<u>\$ 58,764</u>

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Notes to Financial Statements
(continued)

7. ACCOUNTS PAYABLE

Total current accounts payable of \$239,729 are represented by accrued salaries of \$47,989 (20%), other operating accounts payable of \$67,302 (28%), and \$124,438 (52%) related-party payable to SunEd High of North Broward .

8. LEASE ASSET AND LIABILITY

On April 1, 2019, the School entered into a non- cancelable lease agreement with True Systems Properties, Inc., a Florida corporation (“Landlord”) for use of School facilities through May 31, 2029. The School is required to pay insurance and operating costs for water, sewer, electric, telephone, trash removal and utilities. Improvements, repairs and maintenance to the Leased Premises are the responsibility of the School. The School shall not be charged for real estate taxes or exterior maintenance.

Adhering to the requirements of GASB 87, the School recorded the following lease asset, related amortization expense, and lease note liability by restating prior year financial statements. Balances related to the right-to-use lease asset and lease note payable at June 30, 2022 are as follows:

Right-to-use asset:	
Right-to-use lease asset	\$ 1,942,292
Accumulated amortization	<u>(620,896)</u>
Right-to-use asset, net	<u>\$ 1,321,396</u>
Long-term lease note payable	<u>\$ 1,481,450</u>

In the current year, interest expense related to the amortization of the lease note payable of \$62,745 was included as debt service. Current year amortization expense of \$191,045 related to the right-to-use lease asset was charged to governmental activities and included within operations of plant.

Gross rental expense of \$216,255 under the lease for the current year is reflected as an expense within plant operations in the accompanying governmental financial statements.

Future minimum payments under this lease agreement for SunEd High of South Broward (Fort Lauderdale), as well as future minimum payments under the lease agreement for SunEd High of North Broward (Margate) are as follows:

	SunEd High of North Broward MARGATE			SunEd High of South Broward FT. LAUDERDALE			TOTAL		
	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
FY23	\$ 275,181	\$ 43,452	\$ 318,633	\$ 168,472	\$ 64,627	\$ 233,099	\$ 443,653	\$ 108,079	\$ 551,732
FY24	282,624	44,715	327,339	205,591	66,566	272,157	488,215	111,281	599,496
FY25	-	-	-	211,757	68,563	280,320	211,757	68,563	280,320
FY26	-	-	-	218,112	70,620	288,732	218,112	70,620	288,732
FY27	-	-	-	224,652	72,738	297,390	224,652	72,738	297,390
FY28	-	-	-	231,392	74,920	306,312	231,392	74,920	306,312
FY29	-	-	-	221,474	67,147	288,621	221,474	67,147	288,621
TOTAL	\$ 557,805	\$ 88,167	\$ 645,972	\$ 1,481,450	\$ 485,181	\$ 1,966,631	\$ 2,039,255	\$ 573,348	\$ 2,612,603

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A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

9. EDUCATIONAL MANAGEMENT PROVIDERS

The Board of Directors entered into a contract with an educational service provider, Gold Key Group, Inc., to provide business and educational oversight services to the School. Gold Key Group, Inc. works with the Principal to manage the School on a day-to-day basis. The Principal oversees academics and the management company oversees all other operations. The management company's continuing fee is based upon fifteen percent of gross revenues received from the District through the Florida Education Finance Program. The fee is reflected as school administration in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund.

10. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School is in compliance with coverage parameters dictated by the charter contract with the District.

11. CONTINGENCIES

Legal matters

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

Grants

The School participates in state and federal grant programs which are governed by various rules and regulation of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

12. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The schedule of state and local revenue sources for the year ended June 30, 2022 is included on the following page.

The administration fee paid to the District the year ended June 30, 2022 totaled \$66,067 based on 5% up to 250 students. The fee is reflected as central services in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund.

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Notes to Financial Statements
(continued)

12. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES - continued

For the year ended June 30, 2022, state and local revenues were received as follows:

Florida Education Finance Program	\$	824,843
Class size reduction		177,241
Discretionary millage		108,536
Capital outlay funds		95,420
Student transportation		66,528
ESE guaranteed allocation		56,682
Supplemental academic instruction		39,190
Instructional materials		12,570
Safe schools		10,682
Additional allocation		8,613
Reading allocation		7,188
Mental health allocation		7,012
Teacher classroom supply allocation		2,914
Funding compression allocation		2,145
Prior year adjustments		751
Digital classrooms allocation		112
Student reserve allocation		13,453
Proration to Appropriation		<u>(13,453)</u>
Total		<u><u>\$ 1,451,593</u></u>

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Required Supplementary Information

Budgetary Comparison Schedule

For the Year Ended June 30, 2022

	Budgeted Amount	Actual	Variance
<i>Enrollment</i>	<u>171.48</u>	<u>180.29</u>	<u>8.81</u>
Revenues			
State and local sources	\$ 1,244,212	\$ 1,356,173	\$ 111,961
Capital outlay	116,788	95,420	(21,368)
Other revenues	<u>-</u>	<u>779</u>	<u>779</u>
Total revenues	<u>1,361,000</u>	<u>1,452,372</u>	<u>91,372</u>
Expenditures			
Instruction	388,420	416,520	28,100
Instructional support services	55,610	79,872	24,262
Board	10,205	11,951	1,746
School administration	509,157	523,550	14,393
Central services	52,258	66,067	13,809
Pupil transportation services	13,000	20,455	7,455
Operation of plant	321,500	347,699	26,199
Maintenance of plant	8,850	16,306	7,456
Capital outlay	<u>-</u>	<u>14,014</u>	<u>14,014</u>
Total expenditures	<u>1,359,000</u>	<u>1,496,434</u>	<u>137,434</u>
Net change in fund balance from operations	2,000	(44,062)	(46,062)
Transfers in	-	4,059	4,059
Forgiveness of intercompany debt	<u>-</u>	<u>170,000</u>	<u>170,000</u>
Total change in fund balance	2,000	129,997	127,997
Fund balance at beginning of year	<u>103,611</u>	<u>103,611</u>	<u>-</u>
Fund balance at end of year	<u>\$ 105,611</u>	<u>\$ 233,608</u>	<u>\$ 127,997</u>

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Required Supplementary Information

Budgetary Comparison Schedule – Special Revenue Fund

For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Federal sources - Grant funds	\$ 11,500	\$ 11,470	\$ 30
Total revenues	<u>11,500</u>	<u>11,470</u>	<u>(30)</u>
Expenditures			
School administration	5,000	4,965	(35)
Operation of plant	<u>2,400</u>	<u>2,446</u>	<u>46</u>
Total expenditures	<u>7,400</u>	<u>7,411</u>	<u>11</u>
Excess of revenues over expenditures	4,100	4,059	(41)
Fund balance at beginning of year	-	-	-
Transferred to general fund	<u>(4,100)</u>	<u>(4,059)</u>	<u>41</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



McCRAZY & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
On an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward, a Charter School and Component Unit of the District School Board of Broward County, 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 for the Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward (the "School"), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 22, 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 School's internal control.

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

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

This report is intended solely for the information and use of management of the School, the District School Board of Broward County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

McCrary and Associates, PLLC

Altamonte Springs, Florida
October 22, 2022

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ADDITIONAL INFORMATION REQUIRED BY RULES OF
THE AUDITOR GENERAL, CHAPTER 10.850
AUDITS of CHARTER SCHOOLS and SIMILAR ENTITIES



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

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward, 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 Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of South Broward (the "School") as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 22, 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, if applicable, which is dated October 22, 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 are no prior audit findings to report upon.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the school 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 School 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 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.

Financial Condition and Management (continued)

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

McCrary and Associates, PLLC

Altamonte Springs, Florida
October 22, 2022

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