
EAGLES' NEST MIDDLE CHARTER SCHOOL
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2023

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

EAGLES' NEST MIDDLE CHARTER SCHOOL

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Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Eagles' Nest Middle
Charter School
3698 NW 15th Street
Lauderhill, Florida 33311

Opinion

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Eagles' Nest Middle Charter School ("the School") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2023 which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Eagles' Nest Middle Charter School, and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 Eagles' Nest Middle Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 Eagles' Nest Middle Charter 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 Eagles' Nest Middle Charter School's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 7 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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 my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 15, 2023

**EAGLES' NEST MIDDLE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Our discussion and analysis of Eagles' Nest Middle Charter School ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2023.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School's financial statements, which begin on page 7.

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

NON FINANCIAL HIGHLIGHTS

The School's daily enrollment for fiscal year ended June 30, 2023 was 60 students. The School expects to have an enrollment of 70 students for the school year 2023-2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

**EAGLES' NEST MIDDLE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

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

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$65,133 at June 30, 2023.

NET ASSETS

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Current and Other Assets	\$ 100,706	\$ 181,747
Capital Assets	118,323	6,213
Total Assets	<u>\$ 219,029</u>	<u>\$ 187,960</u>
Other Liabilities	\$ 153,896	\$ 115,602
Total Liabilities	<u>\$ 153,896</u>	<u>\$ 115,602</u>
Investment in Capital Assets	\$ 15,364	\$ 6,213
Restricted	49,607	49,607
Unrestricted	99	16,538
Total Net Position	<u>\$ 65,133</u>	<u>\$ 72,358</u>

Revenues from governmental activities totaled \$487,694 for the year ended June 30, 2023. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 86.2% of total governmental revenue.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/23</u>	<u>% of Total 6/30/23</u>	<u>6/30/22</u>	<u>% of Total 6/30/22</u>
State Sources	\$ 487,694	83.2	\$ 384,825	90.4
Federal Sources	45,949	7.8	34,588	8.1
Local sources	52,677	9.0	6,235	1.5
TOTAL	\$ 586,320	100.0	\$ 425,648	100.0

Federal revenue sources are the ESSER II and Title 1 Grants.

Increases in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/23</u>	<u>% of Total 6/30/23</u>	<u>6/30/22</u>	<u>% of Total 6/30/22</u>
Instruction	\$ 294,568	49.6	\$ 276\7,189	50.9
Instructional Support Services	72,238	12.2	55,756	10.2
Board Services	6,032	1.0	6,527	1.2
School Administration	13,977	7.6	40,781	7.6
General Administration	21,251	3.6	-	-
Fiscal Services	14,559	2.5	13,690	2.5
Food Services	15	-	-	-
Central Services	2,344	0.4	2,482	0.5
Pupil Transportation	80,809	13.6	55,480	10.2
Operation of Plant	65,336	11.0	89,158	16.4
Community Services	148	-	153	-
Interest expense	18,623	3.1	-	-
Depreciation	3,645	0.6	2,372	0.4
TOTAL	\$ 593,545	100.0	\$ 543,588	100.0

BUDGETARY HIGHLIGHTS

Program and general revenues were approximately \$113,000 more than budgeted due to higher enrollment and forgiveness of debt from an affiliated school.

School Expenditures were higher than budgeted by approximately \$145,000, primarily because of additional instructional expenses related to the increase in enrollment and increased pupil transportation costs.

Total fund balance of the Governmental Funds was \$49,769 at June 30, 2023.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2023 was \$118,323 (net of depreciation). The investment includes leasehold improvements and furniture and equipment. The following is a summary of capital assets balances at June 30, 2023:

Furniture, Fixtures and Equipment	\$ 265,320
Right of Use Asset	<u>143,736</u>
	409,056
Less Accumulated Depreciation	249,956
Less Accumulated Amortization	<u>40,777</u>
	<u><u>\$ 118,323</u></u>

LEASE LIABILITY

ASC 842 was implemented during the year ended June 30, 2023. This resulted in the recording of a right to use asset of \$143,736 and accumulated amortization of \$40,777. A lease liability of \$102,959 was also recorded as of June 30, 2023.

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Administration believes that the School will achieve a higher rating from the Department of Education.

- The Administration believes that the School will continue to be successful and contribute to the educational requirements of Broward County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Christine Mentis, Executive Director, at 201 N. University Drive, Coral Springs, Florida 33071.

EAGLES' NEST MIDDLE CHARTER SCHOOL
Governmental Funds Balance Sheet
June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Outlay</u>	<u>Total</u>
ASSETS				
Cash	\$ 68,409			\$ 68,409
Receivables	125	17,677		17,802
Other Current Assets	6,807			6,807
Due from other Funds	(31,993)	31,993		-
Deposits	7,688			7,688
Total Assets	<u>51,036</u>	<u>49,670</u>	<u>-</u>	<u>100,706</u>
LIABILITIES				
Accounts Payable	1,951			1,951
Accrued salaries	9,957			9,957
Other liabilities	39,029			39,029
Total Liabilities	<u>50,937</u>	<u>-</u>		<u>50,937</u>
FUND BALANCE				
Restricted		49,670		49,670
Unassigned	99			99
	<u>99</u>	<u>49,670</u>		<u>49,769</u>
Total Liabilities and Fund Balance	<u>\$ 51,036</u>	<u>\$ 49,670</u>	<u>\$ -</u>	<u>\$ 100,706</u>

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
STATEMENT OF NET POSITION
For the Year ended June 30, 2023

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	68,409		68,409
Accounts Receivable, Net	1130	17,802		17,802
Deposits	1210	7,688		7,688
Other Current Assets	1220	6,807		6,807
Due from Other Agencies	1230			
Improvements other than Buildings	1320			
Less Accumulated Depreciation	1329			
Furniture, Fixtures and Equipment	1340	265,320		265,320
Less Accumulated Depreciation	1349	(249,956)		(249,956)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382			
Less Accumulated Depreciation	1389			
Right of use asset		143,736		143,736
Less Accumulated Amortization		(40,777)		(40,777)
Total Assets		219,029		219,029
LIABILITIES				
Salaries and Wages Payable	2110	9,957		9,957
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	1,951		1,951
Deferred Revenue	2410			
Other Liabilities	21XX	39,029		39,029
Lease Liability	2200	102,959		102,959
Total Liabilities		153,896		153,896
NET POSITION				
Invested in Capital Assets, Net of Related Debt		15,364		15,364
Restricted For:				
Categorical Carryover Programs	2710	49,670		49,670
Debt Service	2750			
Unrestricted		99		99
Total Net Position		65,133		65,133

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Position
June 30, 2023

Fund Balance- Governmental Funds \$ 49,769

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Governmental capital assets	265,320	
Less accumulated depreciation	(249,956)	
Right of use asset	143,736	
Accumulated amortization	<u>(40,777)</u>	
		118,323

Some expenses reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Lease liability (102,959)

Net Position of Governmental Activities \$ 65,133

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2023

	Governmental Funds	Special Revenue	Capital Outlay	Total
EXPENSES				
Instructional Services	\$ 251,727	\$ 44,197		\$ 295,924
Instruction Support Services	70,549	1,689		72,238
Board Fees	6,032			6,032
General Administration	21,251			21,251
School Administration	25,417			25,417
Fiscal Services	14,559			14,559
Central Services	2,344			2,344
Pupil Transportation Services	80,809			80,809
Food Services	15			15
Operation of Plant	43,446		40,513	83,959
Community services	148			148
Total Expenses	<u>516,297</u>	<u>45,886</u>	<u>40,513</u>	<u>602,696</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	420,302			420,302
Capital Grants and Contributions			40,513	40,513
Other Federal Sources		45,949		45,949
Total Program Revenues	<u>420,302</u>	<u>45,949</u>	<u>40,513</u>	<u>506,764</u>
GENERAL REVENUES				
Other State Sources	26,879			26,879
Other Local Sources	52,677			52,677
Total General Revenues	<u>79,556</u>			<u>79,556</u>
Excess of Revenues over Expenses	(16,439)	63	-	(16,376)
Fund Balance, Beginning of Year, restated	16,538	49,607		66,145
Fund balance, end of year	<u>\$ 99</u>	<u>\$ 49,670</u>	<u>\$ -</u>	<u>\$ 49,769</u>

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
STATEMENT OF ACTIVITIES
June 30, 2023

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction	5000	\$ 294,568		\$ 45,949		\$ (248,619)		\$ (248,619)
Instructional Support Services	6300	72,238		26,879		(45,359)		(45,359)
Board Services	7100	6,032				(6,032)		(6,032)
General Administration	7200	21,251				(21,251)		(21,251)
School Administration	7300	13,977				(13,977)		(13,977)
Fiscal services	7500	14,559				(14,559)		(14,559)
Food services	7600	15				(15)		(15)
Central Services	7700	2,344				(2,344)		(2,344)
Pupil Transportation Services	7800	80,809				(80,809)		(80,809)
Operation of Plant	7900	65,336			40,513	(24,823)		(24,823)
Community services	9100	148				(148)		(148)
Interest expense		18,623				(18,623)		(18,623)
Unallocated Depreciation Expense *		3,645				(3,645)		(3,645)
Total governmental activities		593,545		72,828	40,513	(480,204)		(480,204)

Taxes:

Florida Education Finance Program (FEFP)	420,302	420,302
Grants and contributions not restricted to specific programs	52,677	52,677
Total general revenues, special items, and transfers	472,979	472,979
Change in net position	(7,225)	(7,225)
Net position-beginning	72,538	72,538
Net position-ending	\$ 65,313	\$ 65,313

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2023

Net Changes in Fund Balances- Governmental Funds \$ (16,376)

Amounts reported for governmental activities in the

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	12,796	
Less current year depreciation	(3,645)	
Right of use asset	143,736	
Accumulated amortization	<u>(40,777)</u>	
		112,110

Some expenses reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Lease liability (102,959)

Change in Net Position of Governmental Activities \$ (7,225)

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2023

				Special Revenue			Capital Outlay Funds			TOTAL		
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance
	Budget	Actual		Budget	Actual		Budget	Actual		Budget	Actual	
EXPENDITURES:												
Instructional Services	\$ 169,200	\$ 251,727	\$ 82,527	\$ 34,080	\$ 44,197	\$ (10,117)				\$ 203,280	\$ 295,924	\$ 92,644
Instruction Support Services	62,300	70,549	8,249	511	1,689	(1,178)				62,811	72,238	9,427
Board Fees	6,000	6,032	32							6,000	6,032	32
General Administration		21,251	21,251							-	21,251	21,251
School Administration	43,475	25,417	(18,058)		-					43,475	25,417	(18,058)
Fiscal Services	13,250	14,559	1,309							13,250	14,559	1,309
Central Services	1,500	2,344	844							1,500	2,344	844
Pupil Transportation Services	30,000	80,809	50,809							30,000	80,809	50,809
Food Services		15	15							-	15	15
Operation of Plant	63,200	43,446	(19,754)		-		32,500	40,513	8,013	95,700	83,959	(11,741)
Maintenance of Plant	1,500		(1,500)							1,500		(1,500)
Community Services	-	148	148							-	148	148
	390,425	516,297	127,224	34,591	45,886	(11,295)	32,500	40,513	8,013	457,516	602,696	145,180
PROGRAM REVENUES:												
Florida Education Finance Program	364,536	420,302	55,766							364,536	420,302	55,766
Capital Grants and Contributions							32,500	40,513	8,013	32,500	40,513	8,013
Other Federal Sources				34,591	45,949	11,358				79,815	93,050	13,235
	364,536	420,302	55,766	34,591	45,949	11,358	32,500	40,513	8,013	397,036	460,815	63,779

The accompanying notes are an integral part of this statement

EAGLES' NEST MIDDLE CHARTER SCHOOL
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2023

	Special Revenue			Capital Outlay Funds			TOTAL					
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance
	Budget	Actual		Budget	Actual		Budget	Actual		Budget	Actual	
GENERAL REVENUES:												
Other State Sources	1,300	26,879	25,579						1,300	26,879	25,579	
Other local sources	27,282	52,677	25,395						27,282	52,677	25,395	
	28,582	79,556	50,974	-					28,582	79,556	50,974	
Excess of Expenditures over Revenues	<u>\$ 2,693</u>	<u>\$ (16,439)</u>	<u>\$ (20,484)</u>	\$ 63	\$ 63	\$ -	\$ -	\$ -	<u>\$ (31,898)</u>	<u>\$ (62,325)</u>	<u>\$ (30,427)</u>	
Fund Balance, Beginning of Year, restated		<u>16,538</u>			<u>49,607</u>					<u>66,145</u>		
Fund Balance, End of year		<u>\$ 99</u>			<u>\$ 49,670</u>		<u>\$ -</u>			<u>\$ 49,769</u>		

The accompanying notes are an integral part of this statement

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Eagles' Nest Middle Charter School ("the School") was established as a nonprofit organization in August of 2005 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract ("the Contract") with The School Board of Broward County, Florida. Under the Contract the School provides an education to children from sixth through the eighth grade who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the School is considered a component unit of The School Board of Broward County, which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee. The Contract is effective through June 30, 2023. The Contract requires The School Board to provide the School's primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School. Eagles' Nest Charter Academy sponsors the School's participation in the National School Lunch Program.

The School is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code.

The School's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School's basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School's governmental activities are included in the general fund, special revenue fund and the capital outlay fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School's net position is reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (cont'd.)

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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 are reported as separate columns in the fund financial statements:

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

Special Revenue Fund – accounts for specific revenues, such as federal grants that are legally restricted to expenditures for particular purposes.

Capital Outlay Fund - accounts for specific revenue received from the State of Florida that is used in the purchase, construction or lease of real property.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus (Cont'd.)

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories in accordance with Chapter 280, Florida Statutes.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The School measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable input 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 asset 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.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placements within the fair value hierarchy levels.

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

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 (i.e., salaries, purchased services, and capital outlay).

**EAGLES' NEST MIDDLE CHARTER SCHOOL,
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Equipment	5-10 Years

Program Revenue

Revenues for operations are received primarily from the School Board of Broward County 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 District of Sarasota County. Funding for the School is adjusted during the year to reflect the revised calculations by the Florida Department of Education 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. In addition, the School receives an annual allocation of charter school capital outlay funds.

General Revenue

These revenue funds include federal grants, state revenue other than Florida Education Finance Program revenue and local source revenue including capital improvement and fundraising.

Fund Balances Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was a restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision making authority. There was no committed fund balance at year end.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Fund Balances Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the School's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest on the School.

Adoption of FASB ASC 842

Effective July 1, 2022, the School adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The School elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the School to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net position in the period of adoption. As a result, the School reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 842.

The School elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The School also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

See Note 5 – Commitments and Contingencies, for a discussion of the impact of implementing FASB ASC 842, *Leases*.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Furniture and Equipment	\$ 252,524	\$ 12,796	\$ -	\$ 265,320
Right of Use Asset	-	143,736	-	143,736
	252,524	156,532	-	409,056
Less Accumulated Depreciation and Amortization	246,311	44,422	-	290,733
NET CAPITAL ASSETS	\$ 6,213	\$ 112,110	\$ -	\$ 118,323

Depreciation expense of \$3,645 was charged during the year ended June 30, 2023. Amortization expense of \$40,777 was recorded at June 30, 2023.

NOTE 3 – COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School's policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days are determined to be immaterial and therefore no accrual has been made.

NOTE 4 – RELATED PARTY TRANSACTIONS

The School, Eagles' Nest Charter Academy, Panacea Prep Charter School, and Lucious and Emma Nixon Academy are all governed by the same Board of Directors. The School and Panacea Prep Charter School operate out of the same location in Coral Springs, Florida, and share common expenses such as rent and insurance based on the number of students and rooms utilized during the school year.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Leases

The School has lease arrangements for certain equipment that typically do not extend beyond five years and generally contain one year renewal options, none of which are reasonably certain of exercise. The School's lease arrangements may contain both lease and non-lease components. The Academies has elected to combine and account for lease and non-lease components as a single lease component for its leases. The School leases its administrative and classroom facilities under a non-cancelable operating lease that expires in 2024. The School made \$60,000 of fixed cash payments related to operating leases for the year ended June 30, 2023.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Cont'd.)

The following table shows lease expense details for the year ended June 30, 2023:

Lease expense	
Operating lease expense	\$ 60,000
Total	\$ 60,000

The following table shows other important lease information:

Other information

Cash paid for amounts included in the measurement of lease liabilities	60,000
Operating cash flows from operating leases	143,736
ROU assets obtained in exchange for new operating lease liabilities	1 year
Weighted-average remaining lease term in years for finance leases	15.44%
Weighted-average discount rate for finance leases	

Lease liability maturities as of June 30, 2023, are as follows:

YEAR ENDED	
JUNE 30,	
2024	118,800
2025-2028	-
Total undiscounted cash flows	118,800
Less: present value discount	(15,841)
Total lease liabilities	<u>102,959</u>

Management Agreement

The School has an Education Consulting Agreement with Charter Schools International (CSI) to provide consulting services for curriculum development, overview of fiscal services, hiring of personnel, development, and research of vendors doing business with the school. The agreement is for a period of ten years and was executed October 1, 2014. In exchange for these services CSI receives 15% of the School's FTE revenue. The total amount paid out under this agreement for the year ended June 30, 2023 was approximately \$60,404.

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last eleven years reveals that settled claims have not exceeded insurance coverage.

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Cont'd.)

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 15, 2023. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

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

To The Board Members of Eagles' Nest Middle
Charter School
3698 NW 15th Street
Lauderhill, Florida 33311

I have audited the financial statements of Eagles' Nest Middle Charter School ("the School") (a non-profit organization) as of and for the year ended June 30, 2023, and have issued my report thereon dated September 15, 2023. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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* (Cont'd.)

To the Board Members of Eagles' Nest Middle
Charter School
3698 NW 15th Street
Lauderhill, Florida 33311
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This Report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Palm Beach Gardens, Florida
September 15, 2023

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of Eagles' Nest Middle
Charter School
3698 NW 15th Street
Lauderhill, Florida 33311

Report on the Financial Statements

I have audited the financial statements of Eagles' Nest Middle Charter School, as of and for the fiscal year ended June 30, 2023, and have issued my report thereon dated September 15, 2023.

Auditor's Responsibility

I conducted my 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 Reports and Schedules

I have issued my 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*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Eagles' Nest Community Charter Schools, Inc. DBA Eagles' Nest Middle Charter School.

MANAGEMENT LETTER
(Continued)

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that I report the results of my determination as to whether or not the Eagles' Nest Middle Charter 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 my audit, I determined that the Eagles' Nest Middle Charter 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, I applied financial condition assessment procedures for the Eagles' Nest Middle Charter School. It is management's responsibility to monitor the Eagles' Nest Middle Charter School's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Eagles' Nest Middle Charter School's financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General require that I report the results of my determination whether the Eagles' Nest Middle Charter School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Eagles' Nest Middle Charter School maintained on its Website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I 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 charge with governance. In connection with my audit, I did not have any such findings.

Purpose of this Letter

My 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 Broward County School Board and is not intended to be and should not be used by anyone other than these specific parties.

Mark Escoffery, P.A.
September 15, 2023

