

# North Broward Academy of Excellence

A Department of Renaissance Charter School, Inc.  
(A Component Unit of the School  
District of Broward County, Florida)

Basic Financial Statements  
For the Year Ended June 30, 2023



# North Broward Academy of Excellence

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Broward Academy of Excellence  
A Department of Renaissance Charter School, Inc.  
North Lauderdale, Florida

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of North Broward Academy of Excellence (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2023, 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 and each major fund of the School, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Grants Fund 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

#### Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2023 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 29, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS



As management of North Broward Academy of Excellence (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School District of Broward County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2023 and 2022.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- The School's net position (deficit) was \$ (291,269) as of June 30, 2023 as compared to \$ (325,737) as of June 30, 2022.
- As of June 30, 2023, the School had a fund balance of \$ 358,995 as compared to \$ 458,070 as of June 30, 2022.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to 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 finances in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net assets 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 School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School include, primarily, instruction and instructional support services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, Grants Fund, Capital Project Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental fund basic financial statements can be found on pages 11 through 16 of this report.

**Notes to basic financial statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to basic financial statements can be found on pages 17 through 26 of this report.

## Government-Wide Financial Analysis

The School has been in operation for twenty two years; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (291,269) at June 30, 2023. Of this amount, \$ 253,559 represents unrestricted net position, \$ 54,184 represents restricted net position and \$ (599,012) represents net investment in capital assets (deficit). The School's net position (deficit) was \$ (325,737) at June 30, 2022. Of this amount, \$ 335,946 represented unrestricted net position, \$ 69,155 represented restricted net position and \$ (730,838) represented net investment in capital assets (deficit).



**North Broward Academy of Excellence  
Management's Discussion and Analysis  
June 30, 2023**

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Our analysis in the table below focuses on the net position of the School's governmental activities:

North Broward Academy of Excellence Net Position (Deficit)		
	June 30, 2023	June 30, 2022
Assets:		
Current and other assets	\$ 851,997	\$ 1,346,100
Capital assets, net of depreciation	<u>6,873,408</u>	<u>6,900,933</u>
Total assets	<u>7,725,405</u>	<u>8,247,033</u>
Liabilities:		
Current liabilities	683,603	1,072,382
Noncurrent liabilities	<u>6,021,722</u>	<u>6,140,916</u>
Total liabilities	<u>6,705,325</u>	<u>7,213,298</u>
Deferred Inflows of Resources	<u>1,311,349</u>	<u>1,359,472</u>
Net Position (Deficit):		
Net investment in capital assets (deficit)	(599,012)	(730,838)
Restricted	54,184	69,155
Unrestricted	<u>253,559</u>	<u>335,946</u>
Total net position (deficit)	<u>\$ (291,269)</u>	<u>\$ (325,737)</u>

Current and other assets declined due to a drop in the School's cash position and due from related parties. Capital assets, net of depreciation decreased due to depreciation expense of approximately \$ 378,600 offset by the addition of \$ 351,076 in capital assets. Current liabilities decreased mainly due to a reduction in monies owed to the management company. Noncurrent liabilities decreased due to principal payments made on the School's lease liabilities.

**Governmental Activities:** The results of this year's operations for the School, as a whole, are reported in the statement of activities on page 10. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2023 and 2022:

North Broward Academy of Excellence Change in Net Position		
	June 30, 2023	June 30, 2022
Revenues:		
General revenues	\$ 5,015,520	\$ 4,955,376
Program revenues	<u>1,901,814</u>	<u>1,582,353</u>
Total revenues	<u>6,917,334</u>	<u>6,537,729</u>
Functions/Program Expenses:		
Instruction	2,928,752	2,899,608
Instructional support services	2,826,238	2,703,945
Non-instructional services	<u>1,127,876</u>	<u>1,818,298</u>
Total expenses	<u>6,882,866</u>	<u>7,421,851</u>
Change in net position	<u>\$ 34,468</u>	<u>\$ (884,122)</u>

**North Broward Academy of Excellence  
Management’s Discussion and Analysis  
June 30, 2023**

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General revenues increased compared to the previous year due to a rise in Florida Education Finance Program (FEFP) revenue. The program revenues rose due to an increase in ESSER II grant funding. Total expenses decreased due to savings in instructional and non-instructional services.

**Governmental Fund Expenditures**

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2023		2022	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,838,355	41%	\$ 2,767,347	37%
Plant operations and maintenance	971,164	14%	931,059	13%
Debt service	453,960	6%	597,372	8%
Student support services	495,158	7%	564,630	8%
School administration	917,078	13%	763,260	10%
All other functions/programs	1,340,694	19%	1,663,864	24%
Total governmental expenditures	\$ 7,016,409	100%	\$ 7,287,532	100%

**Capital Assets and Debt Administration**

**Capital assets:** At June 30, 2023, the School had capital assets of \$ 6,873,408, net of accumulated depreciation and amortization, invested in intangible right to use assets, furniture, fixtures and equipment, computer equipment and improvements other than building as compared to \$ 6,900,933 at June 30, 2022.

**Long-term debt:** At June 30, 2023, the School had outstanding debt of \$ 6,161,071 as compared to \$ 6,272,299 at June 30, 2022. Additional information on the School’s debt can be found in Notes 7 and 8 on pages 23 and 24.

**General Fund Budgetary Highlights**

State source revenues were unfavorable to budget due to a decrease in the projections in FEFP. Local source revenues were unfavorable to budget due to a drop in food service revenues. Total General Fund revenues were unfavorable to budget by \$ 196,651. Total General Fund expenditures were favorable to budget by \$ 193,143 due to savings in fiscal services. Overall, the School ended the year with a decrease in fund balance of \$ 84,104.

**Economic Factors and Next Year’s Budget**

In fiscal year 2023, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 800 million. The capital outlay funding pool ended up at \$ 196.2 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2024, the teacher salary increase allocation will be \$ 1.1 billion and will continue to be part of FEFP funding. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School’s strategic objectives.

**Requests for Information**

If you have questions about this report or need additional information, please contact Michael Valdes, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

# BASIC FINANCIAL STATEMENTS

**North Broward Academy of Excellence**  
**Statement of Net Position (Deficit)**  
**June 30, 2023**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 348,012
Due from other governments	107,169
Due from related parties	97,874
Other receivables	5,849
Prepaid items	166,016
Deposits	127,077
	<hr/>
Total current assets	851,997
<b>Noncurrent Assets:</b>	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	6,873,408
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Total assets	7,725,405
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	78,427
Salaries and wages payable	296,146
Due to management company	118,429
Compensated absences	38,439
Leases	152,162
	<hr/>
Total current liabilities	683,603
<b>Noncurrent Liabilities:</b>	
Compensated absences	12,813
Leases	6,008,909
	<hr/>
Total noncurrent liabilities	6,021,722
	<hr/>
Total liabilities	6,705,325
<b>Deferred Inflows of Resources:</b>	
Deferred amount on renegotiation of lease	1,311,349
	<hr/>
<b>Commitments (Note 9)</b>	-
<b>Net Position (Deficit):</b>	
Net investment in capital assets (deficit)	(599,012)
Restricted for extracurricular activities	54,184
Unrestricted	253,559
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Total net position (deficit)	\$ (291,269)
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The accompanying notes to basic financial statements are an integral part of these statements.

**North Broward Academy of Excellence**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	Program Revenues			Governmental	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Net Revenue (Expense) and Change in Net Position	
<b>Functions/Programs:</b>					
Instruction	\$ 2,928,752	\$ -	\$ 761,504	\$ -	\$ (2,167,248)
Student support services	495,158	-	-	-	(495,158)
Instructional media services	5,478	-	-	-	(5,478)
Instructional staff training services	12,390	-	-	-	(12,390)
Instruction related technology	138,483	-	-	-	(138,483)
Board	18,737	-	-	-	(18,737)
School administration	917,078	-	86,844	-	(830,234)
Fiscal services	238,971	-	-	-	(238,971)
Food services	270,180	26,521	270,180	-	26,521
Central services	107,961	-	-	-	(107,961)
Operation of plant	1,049,507	-	113,445	99,832	(836,230)
Maintenance of plant	208,144	-	-	-	(208,144)
Community services	77,571	101,887	-	-	24,316
Extracurricular activities	119,847	-	104,876	-	(14,971)
Interest on long-term debt	294,609	-	-	336,725	42,116
Total governmental activities	\$ 6,882,866	\$ 128,408	\$ 1,336,849	\$ 436,557	(4,981,052)
General revenues:					
Grants and entitlements					5,003,902
Interest income					11,618
Total general revenues					5,015,520
Change in net position					34,468
Net position (deficit), July 1, 2022					(325,737)
Net position (deficit), June 30, 2023					\$ (291,269)

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

North Broward Academy of Excellence  
Balance Sheet Governmental Funds  
June 30, 2023

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 285,207	\$ -	\$ -	\$ 62,805	\$ 348,012
Due from other governments	-	107,169	-	-	107,169
Due from related parties	97,874	-	-	-	97,874
Due from other funds	115,790	-	-	-	115,790
Other receivables	5,849	-	-	-	5,849
Prepaid items	166,016	-	-	-	166,016
Deposits	127,077	-	-	-	127,077
	<u>797,813</u>	<u>107,169</u>	<u>-</u>	<u>62,805</u>	<u>967,787</u>
Total assets	\$ <u>797,813</u>	\$ <u>107,169</u>	\$ <u>-</u>	\$ <u>62,805</u>	\$ <u>967,787</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 78,427	\$ -	\$ -	\$ -	\$ 78,427
Salaries and wages payable	296,146	-	-	-	296,146
Due to management company	118,429	-	-	-	118,429
Due to other funds	-	107,169	-	8,621	115,790
	<u>493,002</u>	<u>107,169</u>	<u>-</u>	<u>8,621</u>	<u>608,792</u>
Total liabilities	<u>493,002</u>	<u>107,169</u>	<u>-</u>	<u>8,621</u>	<u>608,792</u>
<b>Commitments (Note 9)</b>					
	-	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	166,016	-	-	-	166,016
Deposits	127,077	-	-	-	127,077
Restricted for extracurricular activities	-	-	-	54,184	54,184
Unassigned	11,718	-	-	-	11,718
	<u>304,811</u>	<u>-</u>	<u>-</u>	<u>54,184</u>	<u>358,995</u>
Total fund balances	<u>304,811</u>	<u>-</u>	<u>-</u>	<u>54,184</u>	<u>358,995</u>
Total liabilities and fund balances	\$ <u>797,813</u>	\$ <u>107,169</u>	\$ <u>-</u>	\$ <u>62,805</u>	\$ <u>967,787</u>

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

**North Broward Academy of Excellence  
 Reconciliation of the Balance Sheet of the Governmental Funds  
 to the Statement of Net Position (Deficit)  
 June 30, 2023**

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**Total Fund Balances - Governmental Funds** \$ 358,995

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation and amortization among the assets of the School as a whole.

Cost of capital assets	\$	11,602,971		
Less accumulated depreciation and amortization		<u>(4,729,563)</u>		6,873,408

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Compensated absences	\$	(51,252)		
Leases		<u>(6,161,071)</u>		(6,212,323)

Governmental funds report the effect of premiums, discounts and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.				<u>(1,311,349)</u>
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**Net Position (Deficit) of Governmental Activities** \$ (291,269)

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



**North Broward Academy of Excellence**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Project Fund</u>	<u>Club and Activities Fund</u>	<u>Total</u>
<b>Revenues:</b>					
Federal through state	\$ -	\$ 957,137	\$ -	\$ -	\$ 957,137
State sources	5,023,122	3,020	436,557	-	5,462,699
Local sources	290,735	-	-	104,876	395,611
Aftercare	101,887	-	-	-	101,887
Total revenues	<u>5,415,744</u>	<u>960,157</u>	<u>436,557</u>	<u>104,876</u>	<u>6,917,334</u>
<b>Expenditures:</b>					
Instruction	2,538,062	300,293	-	-	2,838,355
Student support services	495,158	-	-	-	495,158
Instructional media services	5,478	-	-	-	5,478
Instructional staff training services	12,390	-	-	-	12,390
Instruction related technology	138,483	-	-	-	138,483
Board	18,737	-	-	-	18,737
School administration	830,234	86,844	-	-	917,078
Fiscal services	238,971	-	-	-	238,971
Food services	-	270,180	-	-	270,180
Central services	107,961	-	-	-	107,961
Operation of plant	585,917	77,271	99,832	-	763,020
Maintenance of plant	208,144	-	-	-	208,144
Community services	77,571	-	-	-	77,571
Extracurricular activities	-	-	-	119,847	119,847
Capital outlay	351,076	-	-	-	351,076
Debt service:					
Principal	117,235	-	-	-	117,235
Interest	-	-	336,725	-	336,725
Total expenditures	<u>5,725,417</u>	<u>734,588</u>	<u>436,557</u>	<u>119,847</u>	<u>7,016,409</u>
Excess (deficiency) of revenues over expenditures	<u>(309,673)</u>	<u>225,569</u>	<u>-</u>	<u>(14,971)</u>	<u>(99,075)</u>
<b>Other Financing Sources (Uses):</b>					
Transfer in	225,569	-	-	-	225,569
Transfer out	-	(225,569)	-	-	(225,569)
Total other financing sources (uses)	<u>225,569</u>	<u>(225,569)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(84,104)	-	-	(14,971)	(99,075)
<b>Fund Balances, July 1, 2022</b>	<u>388,915</u>	<u>-</u>	<u>-</u>	<u>69,155</u>	<u>458,070</u>
<b>Fund Balances, June 30, 2023</b>	<u>\$ 304,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,184</u>	<u>\$ 358,995</u>

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

**North Broward Academy of Excellence  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of the  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2023**

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**Net Change in Fund Balances - Governmental Fund** \$ (99,075)

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, these costs are allocated over their estimated useful lives as a provision for depreciation and amortization.

Cost of capital assets	\$	351,076	
Less provision for depreciation and amortization		<u>(378,601)</u>	(27,525)

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position (deficit).			117,235
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Certain items reported in the statements of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	\$	1,717	
Provision for amortization of costs associated with lease		(6,007)	
Amortization of deferred amount on renegotiation of lease		<u>48,123</u>	<u>43,833</u>

**Change in Net Position of Governmental Activities** \$ 34,468

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

**North Broward Academy of Excellence  
Statement of Revenues and Expenditures -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
State sources	\$ 5,171,568	\$ 5,023,122	\$ (148,446)
Local sources	311,845	290,735	(21,110)
Aftercare	128,982	101,887	(27,095)
	<u>5,612,395</u>	<u>5,415,744</u>	<u>(196,651)</u>
<b>Expenditures:</b>			
Instruction	2,476,834	2,538,062	(61,228)
Student support services	175,548	495,158	(319,610)
Instructional media services	15,363	5,478	9,885
Instructional staff training services	12,195	12,390	(195)
Instruction related technology	148,474	138,483	9,991
Board	26,639	18,737	7,902
School administration	627,407	830,234	(202,827)
Fiscal services	809,683	238,971	570,712
Central services	135,162	107,961	27,201
Transportation services	37	-	37
Operation of plant	733,664	585,917	147,747
Maintenance of plant	212,038	208,144	3,894
Community services	100,962	77,571	23,391
Capital outlay	340,740	351,076	(10,336)
Debt service:			
Principal	103,814	117,235	(13,421)
	<u>5,918,560</u>	<u>5,725,417</u>	<u>193,143</u>
Excess (deficiency) of revenues over expenditures	<u>(306,165)</u>	<u>(309,673)</u>	<u>(3,508)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer in	<u>-</u>	<u>225,569</u>	<u>225,569</u>
Net change in fund balance	<u>\$ (306,165)</u>	<u>\$ (84,104)</u>	<u>\$ 222,061</u>

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

**North Broward Academy of Excellence  
Statement of Revenues and Expenditures -  
Budget and Actual - Grants Fund  
For the Year Ended June 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Federal sources:			
National School Lunch Program	\$ 343,533	\$ 344,431	\$ 898
Title I	359,530	293,481	(66,049)
Title II	55	-	(55)
Title III	2,018	1,704	(314)
IDEA	2,018	-	(2,018)
ESSER II	276,362	317,521	41,159
ESSER III	178,202	-	(178,202)
State sources:			
National School Lunch Program	-	3,020	3,020
Total revenues	<u>1,161,718</u>	<u>960,157</u>	<u>(201,561)</u>
<b>Expenditures:</b>			
Instruction	660,866	300,293	360,573
Student support services	117,120	-	117,120
Instruction and curriculum development services	34,790	-	34,790
School administration	1,712	86,844	(85,132)
Food services	303,593	270,180	33,413
Central services	55	-	55
Operation of plant	42,085	77,271	(35,186)
Community services	1,497	-	1,497
Total expenditures	<u>1,161,718</u>	<u>734,588</u>	<u>427,130</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>225,569</u>	<u>225,569</u>
<b>Other Financing Sources (Uses):</b>			
Transfer out	<u>-</u>	<u>(225,569)</u>	<u>(225,569)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Note 1 - Organization and Operations**

**North Broward Academy of Excellence** (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School District of Broward County, Florida (the "School District"), was established in 2001 as a public charter school to serve students from kindergarten to fifth grade in Broward County. Renaissance Charter School, Inc. is a Florida nonprofit corporation organized in August 1998. There were 647 students enrolled for the 2022/2023 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present the financial position of Renaissance Charter School, Inc. as of June 30, 2023, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Renaissance Charter School, Inc. (Notes 7 and 9) is the entity that funded the purchase of the facility housing the School's operations. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

**Note 2 - Summary of Significant Accounting Policies**

**Reporting entity:** The School operates under a charter granted by the sponsoring School District of Broward County. The current charter is effective until June 30, 2026 and may be renewed in increments of five years by mutual written agreement between the School and the School District. At the end of the term of the charter, the School District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown. North Broward Academy of Excellence is considered a component unit of the School District of Broward County.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

**Basis of presentation:** Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide financial statements:** Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

**Note 2 - Summary of Significant Accounting Policies (continued)**

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

**Fund financial statements:** Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Grants Fund** - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Project Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

**Club and Activities Fund** - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

**Basis of accounting:** Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred twenty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized 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. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Cash and cash equivalents:** The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Revenue recognition:** Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorate basis over the twelve-month period the School is in session and is adjusted for changes in full-time equivalent (FTE) student population.

**Income taxes:** The School is a department of a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

**Capital assets:** Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment are reported at acquisition value as of the date received. Additions, improvements, and other expenditures that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the capital assets estimated useful lives as follows:

Improvements other than buildings	10 years
Furniture, fixtures and equipment	5-10 years
Computer equipment	5 years

The School has recorded a right to use lease asset as a result of implementing GASB 87. The right to use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

**Deferred outflows/inflows of resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.



**Note 2 - Summary of Significant Accounting Policies (continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. The government-wide statement of net position reports a deferred amount on the renegotiation of lease.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has legal claim to them.

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation for service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets (deficit) - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.



**Note 2 - Summary of Significant Accounting Policies (continued)**

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budget:** An operating budget is adopted and maintained by the governing board for all governmental funds, except the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

**Date of Management Review:** The School has evaluated subsequent events through September 29, 2023 which is the date that the financial statements were available to be issued.

**Note 3 - Cash and Cash Equivalents**

At June 30, 2023, the carrying amount of the deposits and cash on hand totaled \$ 348,012, with bank balances of \$ 367,583.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity.

**North Broward Academy of Excellence**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**Note 4 - Interfund Receivables and Payables and Interfund Transfers**

The composition of interfund balances as of June 30, 2023 is as follows:

Due To/From Other Funds			Amount
Receivable Fund	Payable Fund		
General Fund	Grants Fund	\$	107,169
General Fund	Clubs and Activities Fund		8,621
		\$	<u>115,790</u>

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

	Transfers In
	General Fund
Transfers out:	
Grants Fund	\$ <u>225,569</u>

During the year, transfers were used to move grant revenue that was received in the current year for prior year expenditures to the General Fund.

**Note 5 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	Balance at July 1, 2022	Additions	Transfers	Balance at June 30, 2023
Capital assets, being depreciated/amortized:				
Improvements other than buildings	\$ 1,354,498	\$ 319,463	\$ -	\$ 1,673,961
Furniture, fixtures and equipment	950,614	9,017	-	959,631
Computer equipment	1,305,077	22,596	-	1,327,673
Intangible right to use:				
Building	7,593,807	-	-	7,593,807
Computer equipment	47,899	-	-	47,899
Total capital assets, being depreciated/amortized	<u>11,251,895</u>	<u>351,076</u>	<u>-</u>	<u>11,602,971</u>
Accumulated depreciated/amortized:				
Improvements other than buildings	485,404	133,229	-	618,633
Furniture, fixtures and equipment	839,200	27,708	2,900	869,808
Computer equipment	1,206,425	48,440	(2,900)	1,251,965
Intangible right to use:				
Building	1,803,967	153,258	-	1,957,225
Computer equipment	15,966	15,966	-	31,932
Total accumulated depreciation/amortization	<u>4,350,962</u>	<u>378,601</u>	<u>-</u>	<u>4,729,563</u>
Net capital assets being depreciated/amortized	<u>\$ 6,900,933</u>	<u>\$ (27,525)</u>	<u>\$ -</u>	<u>\$ 6,873,408</u>

**Note 5 - Capital Assets (continued)**

Provision for depreciation and amortization was charged to governmental activities as follows:

Instruction	\$	92,114
Operation of plant		<u>286,487</u>
	\$	<u><u>378,601</u></u>

**Note 6 - Due From Related Parties**

The School is a Department of Renaissance Charter School, Inc. ("RCS"). The due from balances represent amounts that are due from RCS and other schools that share common board membership and are departments of RCS.

**Note 7 - Leases**

The School amended its lease arrangement with North Broward Academy at Red Apple, LLC for use of its facility. The original lease arrangement was entered into as part of a transaction consisting of a bond issuance by Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 9) and was amended when the Series 2020C and 2020D Bonds were issued to refund the Series 2010 Bonds. The lease is through June 2065 and requires monthly principal and interest payments through October 2050. As of June 30, 2023, the net book value of the leased facility is approximately \$ 5,637,000. Amortization of the leased facility is included with depreciation expense.

Future minimum payments at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 135,663	\$ 330,670	\$ 466,333
2025	143,200	323,105	466,305
2026	133,884	315,518	449,402
2027	133,905	309,940	443,845
2028	139,540	304,530	444,070
2029-2033	791,890	1,428,225	2,220,115
2034-2038	1,008,446	1,212,081	2,220,527
2039-2043	1,290,479	929,680	2,220,159
2044-2048	1,651,405	568,325	2,219,730
2049-2051	<u>879,860</u>	<u>112,478</u>	<u>992,338</u>
	<u>\$ 6,308,272</u>	<u>\$ 5,834,552</u>	<u>\$ 12,142,824</u>

Previously, the School entered into a lease for school computer equipment. The lease requires monthly payments of \$ 1,421 through June 2024. As of June 30, 2023, the net book value of the leased computer equipment is approximately \$ 16,000. Amortization of the leased computer equipment is included with depreciation expense.

**North Broward Academy of Excellence**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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**Note 7 - Leases (continued)**

The following is a schedule of future minimum payments under this lease as of June 30, 2023:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ <u>16,499</u>	\$ <u>558</u>	\$ <u>17,057</u>

**Note 8 - Long-Term Liabilities**

Changes in the School's long-term liabilities for fiscal year ended June 30, 2023 are as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Amortization</u>	<u>Balance at June 30, 2023</u>	<u>Amount Due Within One Year</u>
Lease - building, net of unamortized costs of \$ 163,700	\$ 6,255,800	\$ -	\$ 117,235	\$ 6,007	\$ 6,144,572	\$ 135,663
Lease - computer equipment	16,499	-	-	-	16,499	16,499
Compensated absences	<u>52,969</u>	<u>87,973</u>	<u>89,690</u>	<u>-</u>	<u>51,252</u>	<u>38,439</u>
	<u>\$ 6,325,268</u>	<u>\$ 87,973</u>	<u>\$ 206,925</u>	<u>\$ 6,007</u>	<u>\$ 6,212,323</u>	<u>\$ 190,601</u>

**Note 9 - Commitments**

**Management agreement:** The School has a formal agreement with Charter Schools USA at North Broward, L.C. ("CSUSA") to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all lease payment requirements. The agreement calls for fees that range from \$ 804,939 for fiscal year 2024 to \$ 1,650,162 for fiscal year 2050 or the budgeted amount approved by the Board of Directors based on enrollment and School performance. Total cost reimbursements and management fees amounted to \$ 235,000 for the fiscal year ended June 30, 2023. The School has an amount of \$ 118,429 due to CSUSA at June 30, 2023.

**Lease agreement:** In July 2020, the Florida Development Finance Corporation (the "Corporation") issued \$ 60,035,000 in Educational Facilities Revenue Bonds, Series 2020C and \$ 6,145,000 in Taxable Educational Facilities Revenue Bonds, Series 2020D pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. ("REN"), a division of which the School exists, and Red Apple Development, LLC and subsidiaries ("RAD") to refund the Series 2010 Tax Exempt Educational Facilities Revenue Bonds which financed the acquisition of the facilities of five charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

**Note 9 - Commitments (continued)**

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, amended its four lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a 45-year lease (Note 7). The leases are deemed to be intangible right to use leases and the lease payments are based on the debt service requirements of the bonds which extend through October 2050. These payments are made from the revenues received from the School Board of Broward County for the operation of the Schools. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

In addition to the lease payments noted in Note 7, the School is required to pay incremental rent payments to RAD. The incremental rent payments range from approximately \$ 117,900 to \$ 1,171,400 per year over the term of the agreement which is through June 2065. For the year ending June 30, 2023, there was \$ 82,000 paid in incremental rent.

**Post-retirement benefits:** The School does not provide post-retired benefits to retired employees.

**Note 10 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 436,557 for the 2022/2023 school year which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the interest expense on the capital lease.

**Note 11 - Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 9, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals.

**Note 12 - Employee Benefit Plan**

During the year ended June 30, 2023, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2022, the School had \$ 9 in forfeitures. For the year ended June 30, 2023, the School contributed a matching amount of \$ 12,884.

# OTHER INDEPENDENT AUDITOR'S REPORTS

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  
North Broward Academy of Excellence  
A Department of Renaissance Charter School, Inc.  
North Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of North Broward Academy of Excellence (the “School”), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 29, 2023.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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



## Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 29, 2023

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
North Broward Academy of Excellence  
A Department of Renaissance Charter School, Inc.  
North Lauderdale, Florida

### Report on the Financial Statements

We have audited the financial statements of North Broward Academy of Excellence (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School District of Broward County, Florida, as of and for the year ended June 30, 2023 and have issued our report thereon dated September 29, 2023.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education are North Broward Academy of Excellence and 065161.

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**Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet 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.

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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

**Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 29, 2023