

# Central Charter School

A Division of Assistance Unlimited, Inc.  
(A Component Unit of the School  
Board of Broward County, Florida)

Basic Financial Statements  
and Additional Information  
For the Year Ended June 30, 2020

**Keefe  
McCullough**  
CPA's + Trusted Advisors

## Central Charter School

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## Central Charter School

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Charter School  
(a division of Assistance Unlimited, Inc.)

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, budgetary comparison for the General Fund and Special Revenue Fund on pages 28 and 29 and the schedules related to the pension plan on pages 30 through 35, be presented to supplement the basic financial statements. Such information, 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, 2020, 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, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe  
McCullough**  
CPA's + Trusted Advisors

As management of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board 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 year ended June 30, 2020 with certain comparative information for 2019.

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 and other supplementary information.

### **Financial Highlights**

The following are the highlights of financial activity for the year ended June 30, 2020.

- The School's total liabilities exceeded its assets by \$ 5,552,377 resulting in a net deficit.
- The School's total revenues were \$ 11,458,885 including \$ 9,141,377 from general revenues and \$ 2,317,508 from program revenues. The School's expenses for this year were \$ 12,209,257.

### **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 basic financial statements. This report also contains other required supplemental information in addition to the basic financial statements.

**Government-wide financial statements:** The government-wide basic financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the School's finances, in a manner similar to private-sector business.

The statement of net position presents information on all 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 basic 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 primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 8 and 9 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 only has one category of funds – 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 on 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 balance 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, Special Revenue Fund, and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General and Special Revenue Funds as required supplemental information.

The government fund financial statements can be found on pages 10 through 13 of this report.

**Notes to the 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 financial statements. The notes to the basic financial statements can be found on pages 14 through 27 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General and Special Revenue Funds adopted budget to actual results and the schedules relating to the School's pension plan. Required supplemental information can be found on pages 28 through 35 of this report.

#### **Government-Wide Financial Analysis:**

As noted earlier, net position may serve over time as a useful indicator of financial position. The School's net position (deficit) was (\$ 5,552,377) at June 30, 2020, which represents net investment in capital assets of \$ 872,437, restricted for debt service of \$ 1,526,592, and unrestricted deficit of \$ 7,951,406. The School's net position (deficit) was (\$ 4,802,005) at June 30, 2019, which represents net investment in capital assets of \$ 1,353,886, restricted for debt service of \$ 1,426,432, and unrestricted deficit of \$ 7,582,323.



**Central Charter School  
Management's Discussion and Analysis  
June 30, 2020**

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The following table reflects the condensed government- wide statements of net position as of June 30, 2020 and 2019:

Central Charter School Net Position		
	2020	2019
<b>Current Assets</b>	\$ 4,686,025	\$ 3,040,688
<b>Noncurrent Assets and Deferred Outflows</b>	11,245,152	11,973,152
Total assets	15,931,177	15,013,840
<b>Current Liabilities</b>	1,441,832	1,572,598
<b>Noncurrent Liabilities and Deferred Inflows</b>	20,041,722	18,243,247
Total liabilities	21,483,554	19,815,845
<b>Net Position:</b>		
Net investment in capital assets	872,437	1,353,886
Restricted net position	1,526,592	1,426,432
Unrestricted deficit	(7,951,406)	(7,582,323)
Total net position	\$ (5,552,377)	\$ (4,802,005)

A portion of the School's net position reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. The School used these capital assets to provide service to students; consequently, these assets are not available for future spending. Although the School's investment in it capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2020, and 2019, the School had \$ 1,526,592 and \$ 1,426,432 in restricted assets, respectively.

As reflected below, the net position is showing a change of (\$ 750,372) for the year ended June 30, 2020 and change of (\$ 785,662) for the year ended June 30, 2019 as summarized in the following table:

Central Charter School Changes in Net Position		
	2020	2019
<b>Revenues:</b>		
General revenues	\$ 9,141,377	\$ 8,563,771
Program revenues:		
Capital grants	784,847	704,601
Operating grants	1,532,661	1,724,681
Total revenues	11,458,885	10,993,053

Central Charter School  
Changes in Net Position  
(continued)

	<u>2020</u>	<u>2019</u>
<b>Functions/Program Expenses:</b>		
Instruction and administration	8,047,119	7,507,830
Plant operations and maintenance	2,022,353	1,814,664
Instructional supporting services	212,185	384,603
Transportation	230,879	185,935
Food services	688,455	868,312
Board services	21,867	18,238
Fiscal services	62,416	75,005
Interest expense and other fees	<u>923,983</u>	<u>924,128</u>
 Total expenses	 <u>12,209,257</u>	 <u>11,778,715</u>
 Change in net position	 (750,372)	 (785,662)
 <b>Net position, beginning of year</b>	 <u>(4,802,005)</u>	 <u>(4,016,343)</u>
 <b>Net position, end of year</b>	 <u>\$ (5,552,377)</u>	 <u>\$ (4,802,005)</u>

The above changes in net position include adjustments adding to the losses for Florida Retirement System accruals, deferred inflows and outflows of \$ 658,778 and \$ 390,142 in 2020 and 2019 respectively. In addition, included in the above is also provisions for depreciation of \$ 567,509 and \$ 697,568 for 2020 and 2019 respectively.

### Capital Assets and Debt Administration

**Capital assets:** The School's investment in capital assets at June 30, 2020 was \$ 8,773,252 net of accumulated depreciation compared to \$ 9,083,992 at June 30, 2019. This investment in capital assets is composed of buildings, building improvements, computer equipment, office furniture and equipment, textbooks, transportation equipment and land. A more detailed analysis is provided in Note 4 to the financial statements.

**Debt:** A summary of changes in debt is as follows:

	<u>2020</u>	<u>2019</u>
<b>Debt, beginning of year</b>	\$ 12,883,079	\$ 13,117,645
Additions	1,628,482	-
Payments/amortization	<u>2,722</u>	<u>(234,566)</u>
 <b>Debt, end of year</b>	 <u>\$ 14,514,283</u>	 <u>\$ 12,883,079</u>

Additional information on the School debt can be found in Note 5 to the financial statements.

### **General Fund Budgetary Highlights**

A budget was adopted by the board and no changes occurred throughout the year. Actual revenues exceeded budgeted revenues. Actual expenditures exceeded the budget due to higher instruction costs and unbudgeted debt service costs.

### **Economic Outlook**

Total funding for capital outlay is expected to remain the same next year, and we anticipate a slight increase in regular FFEP revenue. Given the student count remains consistent, the overall effect will be a small increase in revenues.

### **Requests for Information**

If you have any questions about this report or need additional information, please write Hugh Jarrett, CEO; 4515 North State Road 7; Lauderdale Lakes, FL 33319.

# BASIC FINANCIAL STATEMENTS

**Keefe  
McCullough**  
CPA's + Trusted Advisors

**Central Charter School  
Statement of Net Position  
June 30, 2020**

	<u>Governmental Activities</u>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 3,092,170
Restricted cash and cash equivalents	1,526,592
Due from government agencies	<u>67,263</u>
Total current assets	<u>4,686,025</u>
<b>Noncurrent Assets:</b>	
Capital assets (depreciable), net of accumulated depreciation	8,773,252
Deposits	<u>19,197</u>
Total noncurrent assets	<u>8,792,449</u>
<b>Deferred Outflows of Resources:</b>	
Deferred pension outflows	<u>2,452,703</u>
Total assets and deferred outflows	<u>15,931,177</u>
<b>Current Liabilities:</b>	
Accounts payable and other accrued liabilities	1,226,444
Debt, due in less than one year	<u>215,388</u>
Total current liabilities	<u>1,441,832</u>
<b>Noncurrent Liabilities:</b>	
Net pension liability	5,004,047
Debt, due in more than one year	<u>14,298,895</u>
Total noncurrent liabilities	<u>19,302,942</u>
<b>Deferred Inflows of Resources:</b>	
Deferred pension inflows	<u>738,780</u>
Total liabilities and deferred inflows	<u>21,483,554</u>
<b>Net Position (deficit):</b>	
Net investment in capital assets	872,437
Restricted for debt service	1,526,592
Unrestricted deficit	<u>(7,951,406)</u>
Total net position (deficit)	<u>\$ (5,552,377)</u>

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

**Central Charter School  
Statement of Activities  
For the Year Ended June 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Governmental Activities Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<b>Functions/Programs:</b>					
Governmental activities:					
Instruction:					
Regular instruction	\$ 6,794,068	\$ -	\$ 629,372	\$ -	\$ (6,164,696)
Instructional supporting services:					
School administration	1,253,051	-	-	-	(1,253,051)
Plant operations	1,637,360	-	7,301	784,847	(845,212)
Plant maintenance	384,993	-	-	-	(384,993)
Transportation	230,879	-	246,380	-	15,501
Instructional services	212,185	-	-	-	(212,185)
Operation of non-instructional services:					
Food services	688,455	-	649,608	-	(38,847)
Board services	21,867	-	-	-	(21,867)
Fiscal services	62,416	-	-	-	(62,416)
Debt service:					
Interest expense and other fees	923,983	-	-	-	(923,983)
 Total governmental activities	 <u>\$ 12,209,257</u>	 <u>\$ -</u>	 <u>\$ 1,532,661</u>	 <u>\$ 784,847</u>	 <u>(9,891,749)</u>
General revenues:					
Grants and entitlements					8,920,929
Miscellaneous revenues					<u>220,448</u>
Total general revenues					<u>9,141,377</u>
Change in net position					(750,372)
Net position (deficit), July 1, 2019					<u>(4,802,005)</u>
Net position (deficit), June 30, 2020					<u>\$ (5,552,377)</u>

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

Central Charter School  
Balance Sheet - Governmental Funds  
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,092,170	\$ -	\$ -	\$ 3,092,170
Restricted cash and cash equivalents	1,526,592	-	-	1,526,592
Due from government agencies	-	-	67,263	67,263
Due from other funds	67,263	-	-	67,263
Deposits	<u>19,197</u>	<u>-</u>	<u>-</u>	<u>19,197</u>
Total assets	<u>\$ 4,705,222</u>	<u>\$ -</u>	<u>\$ 67,263</u>	<u>\$ 4,772,485</u>
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities	\$ 907,108	\$ -	\$ -	\$ 907,108
Due to other funds	<u>-</u>	<u>-</u>	<u>67,263</u>	<u>67,263</u>
Total liabilities	<u>907,108</u>	<u>-</u>	<u>67,263</u>	<u>974,371</u>
<b>Fund Balances:</b>				
Nonspendable:				
Deposits	19,197	-	-	19,197
Restricted for debt service	1,033,549	-	-	1,033,549
Unassigned	<u>2,745,368</u>	<u>-</u>	<u>-</u>	<u>2,745,368</u>
Total fund balances	<u>3,798,114</u>	<u>-</u>	<u>-</u>	<u>3,798,114</u>
Total liabilities and fund balances	<u>\$ 4,705,222</u>	<u>\$ -</u>	<u>\$ 67,263</u>	<u>\$ 4,772,485</u>

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

**Central Charter School  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Position  
 June 30, 2020**

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**Total Fund Balances - Governmental Funds** \$ 3,798,114

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 fund. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$ 13,284,481	
Accumulated depreciation	<u>(4,511,229)</u>	8,773,252

Certain funds related to pension assets and liabilities are not reported in the governmental funds:

Deferred outflows, relating to the net pension liability	2,452,703
Deferred inflows, relating to the net pension liability	(738,780)

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.

Accrued interest payable	(319,336)
Net pension liability	(5,004,047)
Capital leases, bonds and note payable	<u>(14,514,283)</u>

**Net Position (Deficit) of Governmental Activities** \$ (5,552,377)

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



**Central Charter School  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Federal sources	\$ -	\$ 1,283,741	\$ -	\$ 1,283,741
State sources	9,167,309	-	784,847	9,952,156
Local sources	222,988	-	-	222,988
	<u>9,390,297</u>	<u>1,283,741</u>	<u>784,847</u>	<u>11,458,885</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	5,505,918	629,372	-	6,135,290
Instructional supporting services:				
General administration	1,253,051	-	-	1,253,051
Plant operations and maintenance	537,012	4,761	528,078	1,069,851
Plant maintenance	384,993	-	-	384,993
School administration	-	-	-	-
Transportation	230,879	-	-	230,879
Instructional services	212,185	-	-	212,185
Operation of non-instructional services:				
Food services	38,847	649,608	-	688,455
Board services	21,867	-	-	21,867
Fiscal services	62,416	-	-	62,416
Capital outlay:				
Equipment and improvements	-	-	256,769	256,769
Debt service:				
Principal	151,022	-	-	151,022
Interest and fees	772,348	-	-	772,348
	<u>9,170,538</u>	<u>1,283,741</u>	<u>784,847</u>	<u>11,239,126</u>
Net change in fund balances before other financing sources	219,759	-	-	219,759
<b>Other Financing Sources:</b>				
Proceeds from notes payable	1,628,482	-	-	1,628,482
Net changes in fund balances	1,848,241	-	-	1,848,241
<b>Fund Balances, July 1, 2019</b>	<u>1,949,873</u>	<u>-</u>	<u>-</u>	<u>1,949,873</u>
<b>Fund Balances, June 30, 2020</b>	<u>\$ 3,798,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,798,114</u>

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

**Central Charter School  
Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2020**

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**Net Changes in Fund Balances - Governmental Funds** \$ 1,848,241

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

Cost of capital assets	\$ 256,769	
Provision for depreciation	<u>(567,509)</u>	(310,740)

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows, related to the pension liability		(415,750)
Change in deferred inflows, related to the pension liability		107,347

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Change in accrued interest payable		2,109
Change in net pension liability		(350,375)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payments on debt	151,022	
Amortization of bond issuance costs	(134,412)	
Amortization of bond discounts	(19,332)	
Proceeds from debt	<u>(1,628,482)</u>	<u>(1,631,204)</u>

**Change in Net Position of Governmental Activities** \$ (750,372)

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

### Note 1 - Organization and Operations

Central Charter School (the "School") is a division of Assistance Unlimited, Inc., a not-for-profit organization incorporated in the State of Florida and established as a charter school for children from pre-kindergarten through eighth grade in Broward County. As of June 30, 2020, 1,245 students were enrolled in the School. The School is funded primarily through the School Board of Broward County and certain other governmental grants.

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 fairly the financial position of Assistance Unlimited, Inc. as of June 30, 2020, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America though the School is its only current activity at present.

### Note 2 - Summary of Significant Accounting Policies

**Reporting entity:** The School operates under a charter granted by the sponsoring school district, the Broward County Public School District (the "District"). The current charter is effective until June 30, 2025. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Central Charter School is considered a component unit of the Broward County Public School Board.

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 reporting entity's 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(9), 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 reports the following major governmental funds:

**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.

**Special Revenue Fund** - This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.

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

**Net position:** Net position is classified in three categories.

The general meaning of each is as follows:

- Net investment in capital assets - 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 (if any).
- 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 will need to be funded by future operations.

**Fund balance:** The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

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

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – consists of amounts that are not in spendable form and of net position that are legally or contractually required to be maintained intact.
- Restricted fund balance – consist of amounts 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.
- Committed fund balance – consists of amounts that can be used for specific purposes pursuant to constraints imposed by the government itself, using its highest level of decision making authority.
- Assigned fund balance – consists of amounts that are constrained by the government's intended use of resources but are neither restricted nor committed.
- Unassigned – consists of net resources in excess of what can be properly classified in one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School's governing body or its delegated official or body has provided otherwise in its commitment or assignment actions. The details of the fund balances are included in the Balance Sheet – Governmental Funds.

**Measurement focus and basis of accounting:** The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both 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 be used to pay liabilities of the current period. For this purpose, the current is period is defined as sixty days.

**Cash and cash equivalents:** The School maintains its cash accounts with several financial institutions. The School's accounts at these institutions, at time 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 2 - Summary of Significant Accounting Policies (continued)**

**Due to and from other funds:** Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Due from other governments:** Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

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

**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 \$ 1,000 and a useful life of over one year. Donated capital assets are valued at the estimated 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 and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expended/expensed as incurred.

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

Building	30 years
Building improvements	5-10 years
Computer equipment	3-5 years
Transportation equipment	5-7 years
Office furniture and equipment	3-15 years
Textbooks	5 years

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net 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. At June 30, 2020 the School had deferred outflows of \$ 2,452,703, which is related to the net pension liability.

In addition to liabilities, the statement of net 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. At June 30, 2020 the School had deferred inflows of \$ 738,780, which is related to the net pension liability.

**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 and is net of a 5% administration fee retained by the School Board. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

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

**Grant and contract revenue:** Grant and contract revenue are recognized when the allowable costs as defined by the individual grant or contract are incurred.

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Available is defined as one year.

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

**Allowance for doubtful accounts:** Management of the School reviews the contract receivable balances and provides an allowance for accounts which may be uncollectible. At June 30, 2020, management considers the contracts receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

**Compensated absences:** The School's policy allows certain employees to carry over ten personal days per calendar year. Unused vacation days are not paid upon separation from service. No liability for compensated absences was recorded for the year ended June 30, 2020.

**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.

**Date of management review:** Subsequent events have been evaluated by management through September 29, 2020, which is the date the financial statements were available for issuance.

**Note 3 - Cash and Cash Equivalents**

**Deposits:** At June 30, 2020, the carrying amount of the deposits and cash on hand totaled \$ 3,092,170 with a bank balance of \$ 3,092,183.

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 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 and are covered by the collateral pool because the School has identified itself as a public entity.

**Restricted cash and cash equivalents:** At June 30, 2020, the School maintains cash and cash equivalents restricted for future debt service payments in the amount of \$ 1,526,592.

**Central Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

**Note 4 - Capital Assets**

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,037,570	\$ -	\$ -	\$ 4,037,570
Total capital assets, not being depreciated	<u>4,037,570</u>	<u>-</u>	<u>-</u>	<u>4,037,570</u>
Capital assets, being depreciated:				
Building	3,735,094	-	-	3,735,094
Building improvements	1,773,154	44,375	-	1,817,529
Computer equipment	1,600,626	17,640	-	1,618,266
Transportation equipment	731,651	194,754	-	926,405
Office furniture and equipment	509,726	-	-	509,726
Textbooks	639,891	-	-	639,891
Total capital assets, being depreciated	<u>8,990,142</u>	<u>256,769</u>	<u>-</u>	<u>9,246,911</u>
Accumulated depreciation:				
Building	186,755	124,503	-	311,258
Building improvements	1,135,776	94,489	-	1,230,265
Computer equipment	1,153,871	176,041	-	1,329,912
Transportation equipment	498,253	100,105	-	598,358
Office furniture and equipment	449,253	16,319	-	465,572
Textbooks	519,812	56,052	-	575,864
Total accumulated depreciation	<u>3,943,720</u>	<u>567,509</u>	<u>-</u>	<u>4,511,229</u>
Total capital assets being depreciated, net	<u>5,046,422</u>	<u>(310,740)</u>	<u>-</u>	<u>4,735,682</u>
Governmental activities capital assets, net	<u>\$ 9,083,992</u>	<u>\$ (310,740)</u>	<u>\$ -</u>	<u>\$ 8,773,252</u>

The provision for depreciation for the year ended June 30, 2020, amounted to \$ 567,509 and is allocated to plant operations in the statement of activities.

**Note 5 - Debt**

**Charter School Revenue Bonds – Series 2017 C&D Issuance:** The School previously issued \$ 14,000,000 in Charter School Revenue Bonds, Series 2017C for \$ 13,255,000 and Series 2017D for \$ 745,000. These bonds were used to provide financing for real property of the School as well as refinance the Series 2017 A&B Issuance Bonds. These bonds bear interest at 5.625% through July 2047. The bonds required monthly payments to be made to a bond sinking escrow fund of approximately \$ 72,000 through July 2019 where cash is accumulated for the annual principal and interest to be redeemed. Payments to the sinking fund are adjusted annually thereafter and are expected to be approximately \$ 79,000.



**Note 5 - Debt (continued)**

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 180,000	\$ 761,344	\$ 941,344
2022	215,000	750,234	965,234
2023	230,000	737,719	967,719
2024	245,000	724,359	969,359
2025	260,000	710,156	970,156
Thereafter	<u>12,495,000</u>	<u>9,770,204</u>	<u>22,265,204</u>
	<u>\$ 13,625,000</u>	<u>\$ 13,454,016</u>	<u>\$ 27,079,016</u>

At June 30, 2020, the above Series 2017 C&D Charter School Revenue Bonds has a reserve balance requirement of approximately \$ 992,000 which was met. Additionally, the bonds provide for certain financial covenants to be met annually including a debt service ratio of at least 110% and days cash on hand of at least 30 days. As of June 30, 2020, the School was in compliance with the days cash on hand and the debt service coverage ratio.

**Note payable:** On April 30, 2020, the School executed a promissory note for \$ 1,434,900 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The loan bears interest rate at 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the School maintains certain employment levels during a specified period of time. If the Small Business Administration (“SBA”) confirms full forgiveness of the unpaid balance of the note, the School’s obligation under this arrangement will be deemed fully satisfied. The School remains obligated to repay to the lender any amount not forgiven, which will mature on the 2<sup>nd</sup> anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the School does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due (principal and interest) based on the remaining time up until its maturity. As of June 30, 2020, the outstanding principal amount of the note payable was \$ 1,434,900.

**Capital leases:** The School is obligated under various capital leases for vehicles. The existing lease required monthly installments of approximately \$ 12,000 including interest at 4.15% through January 2020. During the year ended June 30, the School entered into a new capital lease for vehicles. This lease requires monthly installments of approximately \$ 3,700 including interest at 5.24% through February 2025. The remaining balance of these leases at June 30, 2020 is \$ 182,191.

Approximate future capital lease payments under this capital lease, and the net present minimum lease payments are approximately as follows:

**Central Charter School**  
**Notes to Basic Financial Statements**  
**June 30, 2020**

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**Note 5 - Debt (continued)**

Year Ending June 30,	Amount
2021	\$ 44,100
2022	44,100
2023	44,100
2024	44,100
2025	29,400
	<u>205,800</u>
Less: amount representing interest Present value of future minimum lease payments	<u>23,600</u>
	<u>\$ 182,200</u>

The following is a summary of changes in the School's debt for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due in One Year
Capital leases payable	\$ 49,631	\$ 193,582	\$ 61,022	\$ 182,191	\$ 35,388
Note payable - PPP	-	1,434,900	-	1,434,900	-
Series 2017 C&D bonds payable	13,715,000	-	90,000	13,625,000	180,000
Series 2017 C&D bonds discount	(387,780)	-	(19,332)	(368,448)	-
Series 2017 C&D cost of issuance	(493,772)	-	(134,412)	(359,360)	-
Total	<u>\$ 12,883,079</u>	<u>\$ 1,628,482</u>	<u>\$ (2,722)</u>	<u>\$ 14,514,283</u>	<u>\$ 215,388</u>

**Note 6 - Florida Retirement System**

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Note 6 - Florida Retirement System (continued)**

**Pension Plan:**

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

**Note 6 - Florida Retirement System (continued)**

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2019 through June 30, 2020, were as follows: Regular - 8.47%; Special Risk Administrative Support - 38.59%; Special Risk - 25.48%; Senior Management Service - 25.41%; Elected Officers' - 48.82%; and DROP participants - 14.60%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods from July 1, 2019 through June 30, 2020.

**HIS Plan:**

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers asset by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the HIS contribution for the period from July 1, 2019 through June 30, 2020 was 1.66%. The School contributed 100% of its statutorily required contributions for the current and preceding four years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2020, the School reported liabilities of \$ 3,344,398 for its proportionate share of the FRS Plan's net pension liability and \$ 1,659,649 for the HIS Plan's net pension liability for a total net pension liability of \$ 5,004,047. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The School's proportion of the net pension liability was based on a projection of the School's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2019, the School's proportion was 0.009711187% for the FRS Plan and 0.014832867% for the HIS Plan, which was a decrease of 0.000399124% and 0.000363439%, respectively from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School recognized pension expense of \$ 554,625 for the FRS Plan and \$ 104,153 for the HIS Plan for a total pension expense of \$ 658,778.

**Note 6 - Florida Retirement System (continued)**

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Differences between expected and actual experience	\$ 198,366	\$ 20,158	\$ 218,524
Changes of assumptions	858,985	192,172	1,051,157
Net difference between projected and actual earnings on pension plan investments	-	1,071	1,071
Changes in proportion and differences between School contributions and proportionate share of contributions	381,665	383,886	765,551
School contributions subsequent to the measurement date	<u>328,424</u>	<u>87,976</u>	<u>416,400</u>
Total	<u>\$ 1,767,440</u>	<u>\$ 685,263</u>	<u>\$ 2,452,703</u>
	<u>Deferred Inflows of Resources</u>		
	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,076	\$ 2,032	\$ 4,108
Changes of assumptions	-	135,646	135,646
Net difference between projected and actual earnings on pension plan investments	185,030	-	185,030
Changes in proportion and differences between School contributions and proportionate share of contributions	<u>230,953</u>	<u>183,043</u>	<u>413,996</u>
Total	<u>\$ 418,059</u>	<u>\$ 320,721</u>	<u>\$ 738,780</u>

Deferred outflows of resources related to the Pension Plan, totaling \$ 416,400 related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending June 30, 2021.

**Note 6 - Florida Retirement System (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year Ended June 30,	FRS Plan	HIS Plan	Total
2021	\$ 350,108	\$ 96,131	\$ 446,239
2022	\$ 112,488	\$ 58,988	\$ 171,476
2023	\$ 284,481	\$ 34,155	\$ 318,636
2024	\$ 220,811	\$ 46,030	\$ 266,841
2025	\$ 46,969	\$ 30,690	\$ 77,659
Thereafter	\$ 6,100	\$ 10,572	\$ 16,672

**Actuarial Assumptions** - The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan’s valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan.

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS Plan	HIS Plan
Inflation	2.60%	2.60%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2018	Generational RP-2000 with Projection Scale BB table

**Long-term Expected Rate of Return** - The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Note 6 - Florida Retirement System (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate (property)	10.0%	6.7%	6.1%	11.7%
Private equity	11.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
	100.0%			
Assumed Inflation - Mean		2.6%		1.7%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90% for the FRS Plan. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.50% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 3.50% was used to determine the total pension liability. The Bond Buyer General Obligation Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the School's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following table represents sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact of the School's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2019.

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School's proportionate share of the net pension liability for FRS Plan	\$ 5,781,350	\$ 3,344,398	\$ 1,309,130
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
School's proportionate share of the net pension liability for HIS Plan	\$ 1,894,575	\$ 1,659,649	\$ 1,463,983

#### Note 7 - Income Taxes

The School is a division of Assistance Unlimited, Inc., which has qualified as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and is generally exempt from income tax. Accordingly, no tax provision has been made in the accompanying basic financial statements.

#### Note 8 - Commitments and Contingencies

**Grant funding:** The School received financial assistance from Federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Florida Single Audit Act, the School is required to conduct a "single audit" when the required threshold, which is \$ 750,000 for both Federal and state financial assistance, is met. The School exceeded the Federal threshold thus a single audit is required under the Uniform Guidance. The school is currently in the process of completing this requirement.

**Personal service contract:** In January 2019, the School amended their agreement with an independent contractor to serve as the full-time CEO of the School. The agreement provides for annual base compensation of \$ 137,500 paid bi-monthly through June 30, 2024 at which time the agreement will automatically renew for an annual period unless terminated by the School. The Board may terminate the agreement with twelve-month notice prior to the renewal date. Upon early termination, the contract provides for certain compensation to be paid based on the agreement. For the year ended June 30, 2020 the school incurred expenses of approximately \$ 137,500 related to this agreement.

#### Note 9 - Risk Financing

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 have been no claims in excess of insurance coverage limits during the current year.

#### Note 10 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the School's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.



# REQUIRED SUPPLEMENTARY INFORMATION

**Central Charter School  
Schedule of Revenues and Expenditures  
Budget and Actual - General Fund  
For the Year Ended June 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>			
State sources	\$ 8,298,062	\$ 9,167,309	\$ 869,247
Local sources	361,138	222,988	(138,150)
	<u>8,659,200</u>	<u>9,390,297</u>	<u>731,097</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular Instruction	5,222,288	5,505,918	(283,630)
Instructional supporting services:			
General administration	1,325,384	1,253,051	72,333
Plant operation	1,097,164	537,012	560,152
Plant maintenance	231,973	384,993	(153,020)
Pupil transportation	176,021	230,879	(54,858)
Instructional services	272,121	212,185	59,936
Operation of non-instructional services:			
Food services	-	38,847	(38,847)
Board services	31,610	21,867	9,743
Fiscal services	36,000	62,416	(26,416)
Debt service:			
Principal	217,671	151,022	66,649
Interest	-	772,348	(772,348)
	<u>8,610,232</u>	<u>9,170,538</u>	<u>(560,306)</u>
Net change in fund balances before other financing sources	48,968	219,759	170,791
<b>Other Financing Sources (Uses):</b>			
Proceeds from notes payable	-	1,628,482	1,628,482
Transfers out	(48,002)	-	48,002
	<u>(48,002)</u>	<u>1,628,482</u>	<u>1,676,484</u>
Change in fund balance	\$ <u>966</u>	\$ <u>1,848,241</u>	\$ <u>1,847,275</u>

Central Charter School  
 Schedule of Revenues and Expenditures  
 Budget and Actual - Special Revenue Fund  
 For the Year Ended June 30, 2020

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>Revenues:</b>			
Federal sources	\$ 644,461	\$ 1,283,741	\$ 639,280
Local Sources	<u>804,800</u>	<u>-</u>	<u>(804,800)</u>
 Total revenues	 <u>1,449,261</u>	 <u>1,283,741</u>	 <u>(165,520)</u>
<b>Expenditures:</b>			
Current:			
Instruction	644,461	629,372	15,089
Plant operations and maintenance	-	4,761	(4,761)
Food services	<u>852,802</u>	<u>649,608</u>	<u>203,194</u>
 Total expenditures	 <u>1,497,263</u>	 <u>1,283,741</u>	 <u>213,522</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>48,002</u>	<u>-</u>	<u>48,002</u>
 Total other financing sources (uses)	 <u>48,002</u>	 <u>-</u>	 <u>48,002</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (331,040)</u>

**Central Charter School  
Schedule of Proportionate Share of Net Pension Liability  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years \*  
(Unaudited)**

	2014	2015	2016	2017	2018	2019
Central Charter School's proportion of the net pension liability	0.00902221%	0.00950770%	0.00641988%	0.00878414%	0.01011031%	0.00971119%
Central Charter School's proportionate share of the net pension liability	\$ 550,488	\$ 1,228,046	\$ 1,621,024	\$ 2,598,288	\$ 3,045,278	\$ 3,344,398
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135
Central Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.27%	34.96%	37.78%	54.00%	61.39%	59.26%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School  
Schedule of Proportionate Share of Net Pension Liability  
Retiree Health Insurance Subsidy Program  
Last 10 Fiscal Years \*  
(Unaudited)**

	2014	2015	2016	2017	2018	2019
Central Charter School's proportion of the net pension liability	0.01312141%	0.01366743%	0.01005970%	0.01343070%	0.01519631%	0.01483287%
Central Charter School's proportionate share of the net pension liability	\$ 1,226,884	\$ 1,393,864	\$ 1,172,418	\$ 1,436,072	\$ 1,608,394	\$ 1,659,649
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135
Central Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.34%	39.68%	27.33%	29.84%	32.42%	29.41%
Plan fiduciary net position as a percentage of total pension liability	0.50%	0.99%	0.97%	1.64%	2.15%	2.63%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School  
Schedule of Contributions  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years \*  
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 325,237	\$ 268,716	\$ 313,255	\$ 383,998	\$ 403,751	\$ 469,345
Contributions in related to the contractually required contribution	\$ (325,237)	\$ (268,716)	\$ (313,255)	\$ (383,998)	\$ (403,751)	\$ (469,345)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Central Charter School's covered-employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135
Contributions as a percentage of covered payroll	7.25%	7.65%	7.30%	7.98%	8.14%	8.32%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Central Charter School  
Schedule of Contributions  
Retiree Health Insurance Subsidy Program  
Last 10 Fiscal Years \*  
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 4,150	\$ 4,535	\$ 5,288	\$ 6,482	\$ 6,815	\$ 7,923
Contributions in related to the contractually required contribution	\$ (4,150)	\$ (4,535)	\$ (5,288)	\$ (6,482)	\$ (6,815)	\$ (7,923)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Central Charter School covered -employee payroll	\$ 4,487,663	\$ 3,512,843	\$ 4,290,412	\$ 4,811,868	\$ 4,960,728	\$ 5,643,135
Contributions as a percentage of covered payroll	0.09%	0.13%	0.12%	0.13%	0.14%	0.14%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

Central Charter School  
 Schedule of Investment Returns  
 Florida Retirement System Pension Plan  
 Last 10 Fiscal Years \*  
 (Unaudited)

	2014	2015	2016	2017	2018	2019
Annual money-weighted annual rate of return, net of investment expenses	17.57%	3.77%	0.057%	13.59%	9.28%	5.98%

\* This schedule is intended to present information for ten years. However, until a full ten year trend is compiled, the pension plan will present information for these years for which the information is available.



**Central Charter School**  
**Schedule of Investment Returns**  
**Retiree Health Insurance Subsidy Program**  
**Last 10 Fiscal Years \***  
**(Unaudited)**

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	2014	2015	2016	2017	2018	2019
Annual money-weighted annual rate of return, net of investment expenses	17.57%	3.77%	0.057%	13.59%	9.28%	5.98%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for these years for which the information is available.

# OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the Board of Directors  
Central Charter School (a division of Assistance Unlimited, Inc.)

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 Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2020, 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, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

## Central Charter School

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 29, 2020

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

To the Board of Directors  
Central Charter School (a division of Assistance Unlimited, Inc.)

### Report on the Financial Statements

We have audited the financial statements of Central Charter School (the "School"), a division of Assistance Unlimited, Inc. and a component unit of the School Board of Broward County, as of and for the year ended June 30, 2020, and have issued our report thereon dated September 29, 2020.

### 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 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 Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Recommendations. Disclosures in that report and schedule, which are dated September 29, 2020, 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 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 school code assigned by the Florida Department of Education of the entity is Central Charter School (a division of Assistance Unlimited, Inc.) and 065041.

### **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires 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 had a recommendation to improve financial management; finding 2019-01 as described in the accompanying schedule of findings and recommendations.

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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, 2020

**Central Charter School  
Schedule of Findings and Recommendations  
June 30, 2020**

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**Status of Prior Year Comments and Recommendations**

	<u>Still Applicable</u>	<u>Implemented Or No Longer Relevant</u>
# 2019-01 Reconcile Accounts Payable Detail to the General Ledger:		X

**Current Year Comments and Recommendations**

None

Assistance Unlimited, Inc.,  
d/b/a Central Charter School

Compliance Section  
For the Year Ended June 30, 2020





Assistance Unlimited, Inc.,  
d/b/a Central Charter School

Compliance Section  
For the Year Ended June 30, 2020

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

To the Board of Directors  
Assistance Unlimited, Inc.,  
d/b /a Central Charter School

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 statement of the governmental activities and each major fund of Assistance Unlimited, Inc., d/b/a Central Charter School (the "Organization"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated September 29, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 26, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Assistance Unlimited, Inc.,  
d/b/a Central Charter School

### Report on Compliance for Each Major Federal Program

We have audited Assistance Unlimited, Inc., d/b/a Central Charter School (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings, recommendations and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and condition of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities and each major fund of the Organization as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements. We issued our report thereon dated September 29, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Assistance Unlimited, Inc.,  
d/b/a Central Charter School

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 26, 2021

Assistance Unlimited, Inc.  
d/b/a Central Charter School  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Agency/Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
<b>Federal Agency Name:</b>				
Indirect Programs:				
Department of Agriculture -				
Passed through Florida Department of Agriculture -				
National School Lunch Program	* 10.555	01-8065	\$ 506,447	\$ -
School Breakfast Program	* 10.553	01-8065	143,161	-
Department of Agriculture Total			649,608	-
Department of Education -				
Passed through Florida Department of Education -				
Title I Grants to Local Educational Agencies	84.010	-	629,372	-
Hurricane Education Recovery	84.938	-	4,761	-
Special Education Grants to States	84.027	-	2,540	-
Department of Education Total			636,673	-
Total expenditures of Federal awards			\$ 1,286,281	\$ -

\* Department of Agriculture programs are considered "clustered" in accordance with 2 CFR Part 200, Appendix XI Compliance Supplement.

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Assistance Unlimited, Inc., d/b/a Central Charter School (the "Organization") under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

**Note 3 - Indirect Cost Rate**

The Organization did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - Contingency**

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and state laws and other applicable regulations.



**Assistance Unlimited, Inc.,  
d/b/a Central Charter School  
Schedule of Findings, Recommendations and Questioned Costs  
For the Year Ended June 30, 2020**

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**A. Summary of Auditor’s Results**

1. The auditor’s report dated September 29, 2020 expresses an unmodified opinion on the financial statements of Assistance Unlimited, Inc. d/b/a Central Charter School.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Assistance Unlimited, Inc., d/b/a Central Charter School were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal programs for Assistance Unlimited, Inc., d/b/a Central Charter School expresses an unmodified opinion.
6. There are no audit findings relative to the major federal programs for Assistance Unlimited, Inc., d/b/a Central Charter School reported in Part C of this schedule.
7. The program tested as a major program is as follows:

<u>Federal Award Program</u>	<u>CDFA Number</u>
Department of Education - Title I Grants to Local Educational Agencies	84.010

8. The threshold for distinguishing Type A and Type B programs was \$ 750,000.
9. Assistance Unlimited, Inc., d/b/a Central Charter School was determined to be a low risk auditee pursuant to the Uniform Guidance.

**B. Findings - Financial Statement Audit**

No matters were reported.

**C. Findings and Questioned Costs - Major Federal Award Programs**

No matters were reported.

**D. Other Issues**

1. A separate management letter was not issued.
2. A summary schedule of prior audit findings is required because there was a prior audit finding related to the financial statement audit.
3. No corrective action plan is required because there were no findings reported under the Uniform Guidance.

**Assistance Unlimited, Inc.,  
d/b/a Central Charter School  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2020**

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**Status of Prior Year Comments and Recommendations**

	<u>Still Applicable</u>	<u>Implemented Or No Longer Relevant</u>
2019-01 Reconcile Accounts Payable Detail to the General ledger		X

**Current Year Comments and Recommendations**

None