



**The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus**  
(A Charter School under The Charter Schools of Excellence, Inc.  
and a Component Unit of The School Board of Broward County, Florida)

Fort Lauderdale, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2022

TABLE OF CONTENTS

General Information . . . . .	1	
Independent Auditors' Report. . . . .	2-4	
Management's Discussion and Analysis (Required Supplementary Information) . . . . .	5-9	
<b>Basic Financial Statements:</b>		
<i>Government-wide Financial Statements:</i>		
Statement of Net Position . . . . .	10	
Statement of Activities. . . . .	11	
<i>Fund Financial Statements:</i>		
Balance Sheet - Governmental Funds. . . . .	12	
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position. . . . .	13	
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. . . . .	14	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities. . . . .	15	
Notes to the Basic Financial Statements . . . . .	16-34	
<b>Required Supplementary Information:</b>		
Budgetary comparison schedules. . . . .	35	
Pension Schedules		
Schedule of the School's Proportionate Share of the Net Pension Liability – Florida Retirement System. . . . .	36	
Schedule of the School's Contributions – Florida Retirement System. . . . .	37	
Schedule of the School's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy . . . . .	38	
Schedule of the School's Contributions – Health Insurance Subsidy. . . . .	39	
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .</b>		40-41
<b>Management Letter . . . . .</b>	42-43	

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

W/L #: 5271

2801 North University Drive,  
Pembroke Pines, Florida 33024

2021-2022

BOARD OF DIRECTORS

Jeffrey S. Wood, President  
Katrina Wilson-Davis, Vice-President  
Devarn Flowers, Treasurer  
H. Collins Forman, Secretary, Treasurer  
Felicia Brunson, Director  
Reverand Robery Lynch, Director  
Patricia Archer, Director

SCHOOL ADMINISTRATION

Tracy Nessler, Executive Director, effective March 1, 2022  
Rosa Dyer, Superintendent, resigned effective February 24, 2022  
Lissette Torres, Principal



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Charter Schools of Excellence, Inc.  
Fort Lauderdale, Florida

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate fund information of The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus (the "School"), a charter school under The Charter Schools of Excellence, Inc., which is a component unit of the District School Board of Broward County, as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate fund information of The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319  
[www.hlbgravier.com](http://www.hlbgravier.com)

HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

#### ***Emphasis of a Matter – Change in Accounting Principle***

As described in Note 6 to the financial statements, in 2022, the School adopted new accounting guidance, GASB Statement No, 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Emphasis of a Matter – Presentation***

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus that is attributable to the transactions of the School and is not intended to be a complete presentation of The Charter Schools of Excellence, Inc. These financial statements do not purport to, and do not, present fairly the financial position of The Charter Schools of Excellence, Inc. as of June 30, 2022 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pensions schedules on pages 5-9, 35 and 36-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 30, 2022

## Management's Discussion and Analysis

The Charter Schools of Excellence, Inc.#5271 Davie Campus 1  
(A Charter School Under The Charter Schools of Excellence, Inc.)

June 30, 2022

The corporate officers of The Charter Schools of Excellence, Inc. #5271 Davie Campus 1 have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2022.

### Financial Highlights

1. The net position of the Charter School at June 30, 2022 was \$468,063.
2. At year-end, the School had current assets on hand of \$880,327.
3. The net position of the School increased by \$584,620 during the year.
4. The unassigned fund balance at year end was \$689,496.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10-11 of this report.

#### Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16-34 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$468,063 at the close of the fiscal year. A summary of the School's net position as of June 30, 2022 and 2021 follows:

	2022	2021
Cash	\$ 198,968	\$ 136,290
Investments	665,000	550,000
Prepaid expenses	-	3,985
Due from other agencies	8,542	-
Other assets	7,817	12,850
Capital assets, net	786,928	757,972
<b>Total Assets</b>	<u>1,667,255</u>	<u>1,461,097</u>
<b>Deferred outflows of resources</b>	660,853	1,057,963
Accounts payable and accrued liabilities	97,099	140,692
Salaries and wages payable	74,253	96,401
Lease obligations and loan payable	160,179	460,049
Net pension liability	586,250	1,899,760
<b>Total Liabilities</b>	<u>917,781</u>	<u>2,596,902</u>
<b>Deferred inflows of resources</b>	942,264	38,715
<b>Net Position:</b>		
Net investment in capital assets	626,749	297,923
Unrestricted	(158,686)	(414,480)
<b>Total Net Position</b>	<u>\$ 468,063</u>	<u>\$ (116,557)</u>



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

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Program Revenues		
Operating grants and contributions	\$ 183,153	\$ 301,835
Capital outlay funding	166,407	162,065
Charges for services	73,536	59,401
General Revenues		
Local sources (FTE and other non specific)	2,152,858	2,219,024
PPP loan forgiveness	331,048	-
Other revenue	24,416	21,407
<b>Total Revenues</b>	<u>\$ 2,931,418</u>	<u>\$ 2,763,732</u>
<b>EXPENSES</b>		
Instruction	\$ 1,034,573	\$ 1,541,762
Student support services	29,400	12,488
Instructional staff training	1,393	4,652
Board	11,544	30,415
General administration	900	36,517
School administration	412,745	576,438
Fiscal services	45,932	52,716
Food services	106,015	108,231
Central services	91,989	110,992
Pupil transportation services	68,483	42,506
Operation of plant	386,517	344,222
Maintenance of plant	102,314	122,029
Community services	38,596	29,023
Debt service	16,397	15,541
<b>Total Expenses</b>	<u>2,346,798</u>	<u>3,027,532</u>
Change in Net Position	584,620	(263,800)
Net Position (Deficit) at Beginning of Year	(116,557)	147,243
Net Position (Deficit) at End of Year	<u>\$ 468,063</u>	<u>\$ (116,557)</u>

The School's revenues increased by \$167,686 and expenses decreased by \$680,734 respectively. The School had an increase in its net position of \$584,620 for the year.

### **School Location and Lease of Facility**

The School leases a facility located at 2801 North University Drive, Pembroke Pines, Florida 33024.

### **Capital Improvement Requirements**

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$697,313. The fund balance unassigned and available for spending at the School's discretion is \$689,496. These funds will be available for the School's future ongoing operations.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2022 amounts to \$672,825 (net of accumulated depreciation) and right of use lease asset (building) \$114,103 (net of accumulated amortization). This investment in capital assets includes right-of-use asset (building), improvements, furniture, fixtures and equipment, and computer software. As of June 30, 2022, the School had \$160,179 of long term liabilities associated to its capital assets.

### **New Accounting Pronouncements Adopted**

As described in Note 6, the School adopted GASB Statement No, 87, Leases. The effect of the adoption was to capitalize a right of use asset (building) with a corresponding liability which is being amortized over the life of the underlying lease agreement. The overall impact on the financial statements was to record interest and amortization expense related to the underlying asset and liability which results in higher total expenses (compared to pre-adoption) during the early years of the lease agreement.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School’s fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School’s budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 167,852	\$ 167,852	\$ 166,407
Federal sources	74,139	98,892	100,654
Lunch program	125,765	130,143	135,574
Charges for services	15,445	18,493	20,461
General Revenues			
FTE and other nonspecific revenues	2,127,885	2,131,108	2,152,858
Charges and other revenues	21,963	23,001	24,416
Total Revenues	\$ 2,533,049	\$ 2,569,489	\$ 2,600,370
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 1,271,935	\$ 1,109,808	\$ 1,033,126
Student support services	32,555	30,554	29,400
Instructional staff training	5,000	2,397	1,393
Board	18,500	16,039	11,544
General administration	2,560	2,149	900
School administration	404,832	399,048	396,134
Fiscal services	49,500	49,990	45,932
Food services	126,437	109,270	106,015
Central services	100,500	91,989	91,989
Pupil transportation services	82,000	71,241	68,483
Operation of plant	367,595	328,854	237,132
Maintenance of plant	53,000	38,899	35,580
Community Services	10,255	40,627	5,079
Total Current Expenditures	\$ 2,524,669	\$ 2,290,865	\$ 2,062,707

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

### Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to the Senior Management Team, The Charter Schools of Excellence, Inc., 1217 Southeast 3<sup>rd</sup> Avenue, Fort Lauderdale, Florida 33316.

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Net Position  
June 30, 2022

<u>Assets</u>	<u>Governmental Activites</u>
Current assets:	
Cash	\$ 198,968
Investments	665,000
Due from other agencies	8,542
Other assets	7,817
Total current assets	<u>880,327</u>
Capital assets, net:	
Capital assets, non-depreciable	81,294
Capital assets, depreciable	1,134,705
Less: accumulated depreciation	(543,174)
Right-of-use lease asset	228,207
Less: accumulated amortization	(114,104)
Total Capital assets, net	<u>786,928</u>
Total Assets	<u>1,667,255</u>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred outflows related to pension liability	<u>660,853</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable and accrued expenses	97,099
Salaries and wages payable	74,253
Lease obligations and long-term debt, current	157,792
Total Current Liabilities	<u>329,144</u>
Net pension liability	586,250
Lease obligations and long-term debt	2,387
Total Liabilities	<u>917,781</u>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred inflows related to pension liability	<u>942,264</u>
<b>Net Position:</b>	
Net investment in capital assets	626,749
Unrestricted (deficit)	(158,686)
Total Net Position	<u>\$ 468,063</u>

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

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Activities  
For the year ended June 30, 2022

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 1,034,573	\$ -	\$ 100,654	\$ -	\$ (933,919)
Student support services	29,400	-	-	-	(29,400)
Instructional staff training	1,393	-	-	-	(1,393)
Board	11,544	-	-	-	(11,544)
General administration	900	-	-	-	(900)
School administration	412,745	-	-	-	(412,745)
Fiscal services	45,932	-	-	-	(45,932)
Food services	106,015	21,185	82,499	-	(2,331)
Central services	91,989	-	-	-	(91,989)
Pupil transportation services	68,483	-	-	-	(68,483)
Operation of plant	386,517	-	-	166,407	(220,110)
Maintenance of plant	102,314	-	-	-	(102,314)
Community services	38,596	52,351	-	-	13,755
Debt service	16,397	-	-	-	(16,397)
<b>Total governmental activities</b>	<b>2,346,798</b>	<b>73,536</b>	<b>183,153</b>	<b>166,407</b>	<b>(1,923,702)</b>
General revenues:					
FTE and other nonspecific revenues					2,152,858
PPP loan forgiveness					331,048
Other revenues					24,416
Change in net position					584,620
Net position (deficit), beginning					(116,557)
Net position, ending					\$ 468,063

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

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2022

	General Fund	Special Revenue Fund (Non-Major)	Total Governmental Funds
<b><u>Assets</u></b>			
Cash	\$ 187,306	\$ 11,662	\$ 198,968
Investments	665,000	-	665,000
Other assets	7,817	-	7,817
Due from other agencies	-	8,542	8,542
Due from fund	8,542	-	8,542
Total Assets	868,665	20,204	888,869
<b>Deferred Outflows of Resources</b>			
	-	-	-
<b><u>Liabilities</u></b>			
Accounts payable and accrued expenses	97,099	-	97,099
Salaries and wages payable	74,253	-	74,253
Due to fund	-	8,542	8,542
Total Liabilities	171,352	8,542	179,894
<b>Deferred Inflows of Resources</b>			
	-	-	-
<b><u>Fund balance</u></b>			
Nonspendable	7,817	-	7,817
Assigned	-	11,662	11,662
Unassigned	689,496	-	689,496
	697,313	11,662	708,975
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 868,665	\$ 20,204	\$ 888,869

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

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
 (A charter school under The Charter Schools of Excellence, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
 June 30, 2022

---

Total Fund Balance - Governmental Funds \$ 708,975

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

Capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets, depreciable and non-depreciable	1,215,999	
Accumulated depreciation	(543,174)	
Right-of-use lease asset	228,207	
Less: accumulated amortization	(114,104)	786,928

Deferred outflows of resources related to pension liability. 660,853

Noncurrent liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the fund.

Net pension liability	(586,250)
Deferred inflows of resources	(942,264)

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. (160,179)

Total Net Position - Governmental Activities \$ 468,063

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

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Funds	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ -	\$ 166,407	\$ 166,407
State passed through local	2,152,858	-	-	2,152,858
Federal sources	-	100,654	-	100,654
Federal school lunch program	-	82,499	-	82,499
Charges for services	20,461	53,075	-	73,536
Other revenue	24,416	-	-	24,416
<b>Total Revenues</b>	<b>2,197,735</b>	<b>236,228</b>	<b>166,407</b>	<b>2,600,370</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	932,472	100,654	-	1,033,126
Student support services	29,400	-	-	29,400
Instructional staff training	1,393	-	-	1,393
Board	11,544	-	-	11,544
General administration	900	-	-	900
School administration	396,134	-	-	396,134
Food services	-	106,015	-	106,015
Fiscal services	45,932	-	-	45,932
Central services	91,989	-	-	91,989
Pupil transportation services	68,483	-	-	68,483
Operation of plant	157,347	-	46,268	203,615
Maintenance of plant	35,580	-	-	35,580
Community services	5,079	33,517	-	38,596
<b>Capital Outlay:</b>				
Right-of-use lease asset (building)	-	-	228,207	228,207
Other capital outlay	81,294	-	-	81,294
<b>Debt Service:</b>				
Repayment of lease and long-term liabilities	85,939	-	111,090	197,029
Interest	7,348	-	9,049	16,397
<b>Total Expenditures</b>	<b>1,950,834</b>	<b>240,186</b>	<b>394,614</b>	<b>2,585,634</b>
Excess (deficit) of revenues over expenditures	246,901	(3,958)	(228,207)	14,736
<b>Other financing sources (uses)</b>				
Transfers in (out)	(9,427)	9,427	-	-
Increase in lease liabilities	-	-	228,207	228,207
Net change in fund balance	237,474	5,469	-	242,943
Fund Balance at beginning of year	459,839	6,193	-	466,032
Fund Balance at end of year	\$ 697,313	\$ 11,662	\$ -	\$ 708,975

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



The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
 (A charter school under The Charter Schools of Excellence, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
 of Governmental Funds to the Statement of Activities

For the year ended June 30, 2022

Net Change in Fund Balance - Governmental Funds \$ 242,943

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differed from depreciation and amortization expense.

Capital Outlay	81,294	
Right of use lease asset capital outlay	228,207	
Depreciation and amortization expense	(280,545)	28,956

Increase in long term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.

Increases in long-term liabilities	(228,207)	
Principal reductions on long-term liabilities	197,029	
PPP loan forgiveness	331,048	299,870

The changes in net pension liability and related deferred inflows and outflows are not reported in the fund statements and the net effect is to decrease net position. 12,851

Change in Net Position of Governmental Activities \$ 584,620

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

## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

The Charter Schools of Excellence, Inc.#5271 Davie Campus 1 (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The Schools charter is held by The Charter Schools of Excellence, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of The Charter Schools of Excellence, Inc., which is composed of eight members and also governs one other charter school. The board has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Broward County, Florida. The current charter expires on June 30, 2028 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Pembroke Pines, Florida for students from kindergarten through fifth grade. These financial statements are for the year ended June 30, 2022, when on average 295 students were enrolled for the school year.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

### Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal inter-fund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants and contributions specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

### *Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all non-major funds aggregated in a single column:

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

*Special Revenue Fund* – accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

*Capital Projects Funds* – accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes mainly for capital outlay expenditures.

### Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

Non-exchange transactions occur when the School provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable.

**Note 1 – Summary of Significant Accounting Policies (continued)**

When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide financial statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Estimated useful lives, in years, for depreciable assets are as follows:

Right-of-use asset (building)	2 Years
Improvements	5 - 7 Years
Furniture, Equipment, and Computers	5 - 10 Years
Software	3 Years

Prepaid Expenses and Other Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Inter-fund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School.

Compensated Absences

Full time employees of the School, after 30 days of employment, are entitled to be paid for eight or ten days of sick leave in each calendar year, depending on whether they are ten or twelve month employees, respectively. In the event of termination, each qualifying employee is not entitled to receive payment for accumulated unused sick days. Each full time twelve-month employee is entitled to annual paid vacation leave, which is accrued when earned. The amount of paid vacation time ranges from five days after one-year employment to fifteen days after ten years employment. In the event of termination, each qualifying employee is entitled to receive payment equal to one hundred percent of the value of the total accumulated unused vacation days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School's items that qualify for reporting in this category are related to participation in the pension plan.

Net Pension Liability

As a participating employer in the Florida Retirement System, the School recognizes its proportionate share of the collective net pension liabilities of the Florida Retirement System (FRS) cost-sharing multiple-employer defined benefit plans. Additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the FRS.

The School's retirement plans and related amounts are described in a subsequent note.

Revenue Sources

Revenues for current operations are received primarily from State through the the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

In addition, the School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classification

*Government-wide financial statements*

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the Schools's policy to use restricted resources first, until exhausted, before using unrestricted resources.

*Fund financial statements*

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All nonspendable fund balances at year end relate to not in spendable form assets.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balances at year end pertain to the School's internal account.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

The Charter Schools of Excellence, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standard Adopted

In fiscal year 2022, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 87 Leases. See Note 6.

In fiscal year 2022, the School adopted GASB issued Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021. These changes were incorporated in the School's 2022 financial statements and had no effect.

Pronouncements Issued But Not Yet Effective

GASB has issued GASBS Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2022, which is the date the financial statements were available to be issued.



## **Note 2 – Cash and Investments**

### Deposits

The School maintains its cash and cash equivalents in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under The Charter Schools of Excellence, Inc., which also operates another charter school. All bank accounts are opened under the account ownership of The Charter Schools of Excellence, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was approximately \$42,000

### Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2022, the School had \$680,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2022, maturities of the fund's portfolio holdings are approximately 87% within 30 days.

### Credit Risk

*Concentration of credit risk* is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2022, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

The Charter Schools of Excellence, Inc.#5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.  
Notes to the Basic Financial Statements  
June 30, 2022

**Note 3 – Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2022:

	<u>Balance 07/01/21</u>	<u>Additions / Transfers In</u>	<u>Retirements / Reclassification</u>	<u>Balance 06/30/22</u>
<b>Capital Assets, non-depreciable:</b>				
Construction in progress	\$ -	\$ 81,294	\$ -	\$ 81,294
Total Capital Assets, non-depreciable	-	81,294	-	81,294
<b>Capital Assets, depreciable:</b>				
Improvements	\$ 945,076	\$ -	\$ -	\$ 945,076
Furniture, equipment and computers	183,519	-	-	183,519
Computer software	6,110	-	-	6,110
Total Capital Assets	1,134,705	81,294	-	1,215,999
Less Accumulated Depreciation:				
Improvements	(325,972)	(80,370)	-	(406,342)
Furniture, equipment and computers	(47,326)	(84,034)	-	(131,360)
Computer software	(3,435)	(2,037)	-	(5,472)
Total Accumulated Depreciation	(376,733)	(166,441)	-	(543,174)
Total Capital Assets, being depreciated, net	<u>\$ 757,972</u>	<u>\$ (85,147)</u>	<u>\$ -</u>	<u>\$ 672,825</u>
<b>Lease Assets:</b>				
Right of use lease asset (building)	\$ -	\$ 228,207	\$ -	\$ 228,207
Less accumulated amortization:	-	(114,104)	-	(114,104)
Total Lease Assets being amortized, net	-	114,103	-	114,103
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 757,972</u>	<u>\$ 28,956</u>	<u>\$ -</u>	<u>\$ 786,928</u>

For the fiscal year ended June 30, 2022, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 14,299	\$ -
School administration	16,611	-
Operation of plant	68,797	114,104
Total Expense	<u>\$ 166,441</u>	<u>\$ 114,104</u>

#### **Note 4 – Education Service and Support Provider**

Academica Broward, LLC (“Academica”), an educational service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual services. The agreement between the School and the education service provider calls for a per student fee.

The agreement is with The Charter Schools of Excellence, Inc. and unless terminated by the board shall be renewed on an annual basis. During the year ended June 30, 2022, the School incurred \$132,525 in fees related to this agreement, of which which \$43,800 was payable at year-end.

#### **Note 5 – Transactions with other Divisions of The Charter Schools of Excellence, Inc.**

The Charter Schools of Excellence, Inc. operates one other charter school. The schools operated by The Charter Schools of Excellence, Inc. share administrative staff, as well as other operating expenses.

##### Other

The School conducts certain business with a foundation controlled by a member of its Board of Directors and deems that all services and materials supplied are arm's length transactions and at fair value. In addition, this member recuses from voting on matters relating to these transactions. See Note 7.

The former Superintendent of the School is an officer of the Florida Consortium of Public Charter Schools. From time to time the School conducts business with the Consortium. During the year ended June 30, 2022, the School paid approximately \$6,900 in dues and fees to the Consortium.

The Charter Schools of Excellence, Inc. has entered into a lease for its administrative offices and classrooms with a private foundation whose Board of Directors includes the Superintendent and three members of the School's Board of Directors. From time to time funds are loaned between the Schools and the Foundation. See Note 7.

#### **Note 6 – Long Term Liabilities**

##### Note Payable

The School has an outstanding note payable of \$13,400, net of unamortized debt issuance costs of \$477, to Building Hope, Inc., a charter schools facilities fund. The proceeds were used to cover the costs associated with capital improvements. The note bears interest at six percent and is payable in monthly installments of interest and principal of \$5,765. The loan matures in July 2022. The note is secured by a lien on the leasehold improvements owned by The Charter Schools of Excellence, Inc.

## **Note 6 – Long Term Liabilities (continued)**

### Equipment Financing Agreement

In September 2018, the School entered into agreements for the acquisition of certain computer equipment for a total balance of \$115,833. The terms require the loan to be repaid in 60 monthly installments that include principal and interest at an interest rate of 10.50%. As of June 30, 2022, the loan balance was \$30,139. The financing matures on August 1, 2023.

Interest expense on notes payable for the year ended June 30, 2022, was \$7,348.

### Paycheck Protection Program

On August 12, 2020, The Charter Schools of Excellence, Inc., was granted a loan from a financial institution in the amount of \$630,207, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Charter Schools of Excellence, Inc. has fully expended the loan proceeds on payroll costs within the covered period and the loan was forgiven on September 29, 2021. The proceeds from the loan were recorded equitably on the books of the School and The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale Campus.

### Lease – Building

The School entered into an operating lease agreement for its Davie Campus facilities with a lease term expiring on April 16, 2023 with an option to renew for an additional five year period. The lease calls for an annual base rent of \$97,040 to be adjusted annually based on the Consumer Price Index (CPI).

In addition, the School leases administrative offices from Charter Holdings Foundation, Inc. a private foundation controlled by members of the Board of Directors. The amended lease continues through April 16, 2023 and the monthly base rent is \$4,655 to be adjusted annually based on the Consumer Price Index. See Note 5.

The School has implemented GASB Statement No. 87 Leases, and as a result recorded a lease right of use asset and liability in these financial statements. The lease right of use asset and liability for the administrative offices is allocated between the School and The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus based on enrollment and usage of facility. The allocation used for implementation, was approximately 52% for the School and 48% The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School has used an average effective interest for several borrowings during FY 2021 and 2022. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2022.

For the year ended June 30, 2022, interest expense totaled \$9,049 as it relates to its lease agreements. For 2022, variable and other payments of \$778 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

**Note 6 – Long Term Liabilities (continued)**

Changes in long term liabilities during the year are as follows:

	Balance 06/30/21	Advances	Repayments	Balance 06/30/22	Amount Due within 1 Year
Lease liability (building)	\$ -	\$ 228,207	\$ (111,090)	\$ 117,117	\$ 117,117
Equipment financing (computer equipment)	55,585	-	(25,446)	30,139	27,752
PPP note payable	331,048	-	(331,048)	-	-
Note payable	75,205	-	(61,805)	13,400	13,400
Less debt issuance costs	(1,789)	-	1,312	(477)	(477)
Total Long Term Liabilities, net	<u>\$ 460,049</u>	<u>\$ 228,207</u>	<u>\$ (528,077)</u>	<u>\$ 160,179</u>	<u>\$ 157,792</u>

Future maturities of long-term debt as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 40,675	\$ 2,182	\$ 42,857
2024	2,387	345	2,732
Total	<u>\$ 43,062</u>	<u>\$ 2,527</u>	<u>\$ 45,589</u>

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

Year	Principal	Interest	Total
2023	<u>\$ 117,117</u>	<u>\$ 3,192</u>	<u>\$ 120,309</u>

**Note 7 – Contingencies and Concentrations**

Contingencies and Concentrations

The School receives substantially all of its funding from the State through the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2022, administrative fees withheld by the School District totaled \$35,676.

Commitment – As of June 30, 2022, the School had remaining commitments for uncompleted improvements of approximately \$81,000.

## **Note 7 – Contingencies and Concentrations (continued)**

### Legal Contingencies

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

## **Note 8 – Risk Management**

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

## **Note 9 – Retirement Plans**

### Defined Benefit Pension Plan

*Plan Description.* The School participates in the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program. The FRS is a cost-sharing, multiple-employer, defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established to assist retired members of any State-administered retirement system in paying the costs of health insurance and administered in accordance with section 112.363, Florida Statutes. Such provisions may be amended at any time by further action from the Florida Legislature. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *DROP Plan Participants* – Members of FRS who have effectively retired and continue covered employment for up to five years.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service.

**Note 9 – Retirement Plans (continued)**

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits. The School had one DROP participant during fiscal 2022.

Benefits Provided. The FRS provides a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in the School. The HIS benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs.

A DROP, subject to provisions of Section 121.091 , Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust and accrue interest.

Contributions - The contribution rates for members are established, and may be amended, by the State of Florida. During the 2021 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00%	10.00%
DROP Plan Participants	0.00%	16.98%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates include 1.66% for the post employment health insurance supplement and 0.06% for administrative costs of the Public Employee Optional Retirement Program.

Employer contributions are recognized by the FRS in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the FRS. Employer contributions recognized by the FRS from the School were \$88,107 for the FRS and \$19,712 for the HIS for the year ended June 30, 2022.

**Note 9 – Retirement Plans (continued)**

Defined Contribution Plan. Effective July 1, 2002, the FRS Investment Plan was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer contributions that are based on salary and membership class (i.e. , regular class, reemployed retiree, etc.).

Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The School had eight Investment Plan participants during fiscal 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The School reports a liability for its proportionate share of net pension liabilities. Net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability were determined by an actuarial valuation as of that date. The School's proportions of the net pension liability was based on the School's actuarially determined share of contributions to the pension plans, relative to the contributions of all participating entities.

At June 30, 2022, the School reported a liability of \$586,250 for its proportionate share of net pension liability, consisting of \$174,705 for the FRS and \$411,545 for the HIS. The School's proportion of the net pension liability was calculated using accrued retirement contributions for employers that were members of the FRS and HIS during fiscal years 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

At June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 the School's proportions for FRS were 0.000863994 percent, 0.000943401 percent, 0.001496062 percent, 0.001589406 percent, 0.001468793 percent, 0.001686331 percent, 0.002460791, 0.003153652 and 0.002312793 percent respectively; the School's proportions for HIS were 0.001353724 percent, 0.001598480 percent, 0.002286370 percent, 0.002616358 percent, 0.002609312 percent, 0.002908991, 0.003670765, 0.004364682 and 0.03355032 percent, respectively.

For the year ended June 30, 2022, the School recognized a net pension expense after GASB 68 adjustments of \$84,756. Employer contributions in the allocated schedules for the defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer. The year-to-year pension expense number is likely to be volatile.



**Note 9 – Retirement Plans (continued)**

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Florida Retirement System</b>		
Difference between expected and actual experience	\$ 29,945	\$ -
Changes of assumptions or other inputs	119,542	-
Net difference between projected and actual earnings on pension plan investments	-	609,503
Changes in proportion and differences between contributions recognized and proportionate share of contributions	214,938	220,799
Contributions subsequent to the measurement date	106,132	-
Total Florida Retirement System	\$ 470,557	\$ 830,302

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Health Insurance Subsidy Program</b>		
Difference between expected and actual experience	\$ 13,771	\$ 172
Changes of assumptions or other inputs	32,338	16,957
Net difference between projected and actual earnings on pension plan investments	429	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	120,002	94,833
Contributions subsequent to the measurement date	23,756	-
Total Health Insurance Subsidy Program	\$ 190,296	\$ 111,962

Contributions of \$129,888, consisting of \$106,132 for the FRS and \$323,756 for the HIS, are reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended June 30, 2022.

**Note 9 – Retirement Plans (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the years ended June 30, as follows:

	FRS	HIS
2022	\$ (81,020)	\$ 8,100
2023	(94,477)	2,581
2024	(125,146)	5,324
2025	(160,366)	7,067
2026	993	5,286
Thereafter	-	1,051
Total	<u>\$ (460,016)</u>	<u>\$ 29,409</u>

Actuarial Assumptions – The total pension liability for FRS and HIS were determined by an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40 percent. Payroll growth for both plans is assumed at 3.25 percent. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80 percent. The 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 calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16 percent was used to determine the total pension liability for the program.

Mortality assumptions for the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization leases.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

The actuarial assumptions for the FRS Pension Plan that determined the total pension liability as of June 30, 2021 were based on the results of an actuarial experience study for the period June 30, 2013 through June 30, 2018.

**Note 9 – Retirement Plans (continued)**

Long-Term Expected Rate of Return – The long-term expected rate of return on Pension Plan investment was not based on historical returns, but instead on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to model 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 FRS's long-term expected rate of return assumption of 6.8% used in GASB discount rate calculations, on pension plan investments, consists of two building block components: 1) a long-term average annual inflation assumption of 2.4% as most recently adopted in October 2020 by the FRS Actuarial Assumption Conference; 2) an inferred real (in excess of inflation) return of 4.3%, which is consistent with the 4.27% real return capital market outlook model developed during 2020 by the outside investment consultant to the Florida State Board of Administration.

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:

Asset Class	Target Allocation	Annual Arithmetic (Geometric) Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.10%	2.10%	1.10%
Fixed income	20.0%	3.80%	3.70%	3.30%
Global equity	54.2%	82.00%	6.70%	17.80%
Real estate	10.3%	7.10%	6.20%	13.80%
Private equity	10.8%	11.70%	8.50%	26.40%
Strategic investments	3.7%	5.70%	5.40%	8.40%
Total	100.0%			
Assumed Inflation - Mean			2.40%	1.20%

Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00 percent higher or 1.00 percent lower than the current discount rate at June 30, 2021.

School's proportionate share of the:	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
FRS Net Pension Liability	781,292	174,705	(332,334)
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (43.21%)
HIS Net Pension Liability	468,860	411,545	362,299

**Note 10 – Interfund Transfers**

Interfund transfers in governmental funds as of June 30, 2022, consist of the following:

	General Fund	Special Revenue Fund (Non-Major)	Capital Projects Fund
To fund lunch deficit	\$ (2,331)	\$ 2,331	\$ -
To fund community services from general fund	(7,096)	7,096	-
Total Transfers, net	<u>\$ (9,427)</u>	<u>\$ 9,427</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,127,885	\$ 2,131,108	\$ 2,152,858
Charges for services	15,445	18,493	20,461
Other revenue	21,963	23,001	24,416
Total Revenues	<u>2,165,293</u>	<u>2,172,602</u>	<u>2,197,735</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,165,031	1,005,098	932,472
Student support services	32,555	30,554	29,400
Instructional staff training	5,000	2,397	1,393
Board	18,500	16,039	11,544
General administration	2,560	2,149	900
School administration	404,832	399,048	396,134
Fiscal services	49,500	49,990	45,932
Central services	100,500	91,989	91,989
Pupil transportation services	82,000	71,241	68,483
Operation of plant	164,743	161,002	157,347
Maintenance of plant	53,000	38,899	35,580
Community Services	10,255	6,065	5,079
Total Current Expenditures	<u>2,088,476</u>	<u>1,874,471</u>	<u>1,776,253</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>76,817</u>	<u>298,131</u>	<u>421,482</u>
Debt Service:			
Redemption of Principal	85,939	85,939	85,939
Interest expense	7,348	7,348	7,348
Capital Outlay	82,771	82,771	81,294
Other Capital Outlay			
Total Capital Outlay and Debt Service Expenditures	<u>176,058</u>	<u>176,058</u>	<u>174,581</u>
Total Expenditures	<u>2,264,534</u>	<u>2,050,529</u>	<u>1,950,834</u>
Excess (Deficit) of Revenues Over Expenditures	(99,241)	122,073	246,901
Other financing sources (uses):			
Transfers in (out)	(68,437)	(19,507)	(9,427)
Net change in fund balance	(167,678)	102,566	237,474
Fund Balance at beginning of year	459,839	459,839	459,839
Fund Balance at end of year	<u>\$ 292,161</u>	<u>\$ 562,405</u>	<u>\$ 697,313</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Required Supplementary Information  
Schedule of the School's Proportionate Share of the Net Pension Liability  
Florida Retirement System  
Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
School's proportion of the net pension liability (asset)	0.002312793%	0.003153652%	0.002460791%	0.001686331%	0.001468793%	0.001589406%	0.001496062%	0.000943401%	0.000863994%
School's proportionate share of the net pension liability (asset)	\$ 174,705	\$ 1,366,839	\$ 847,482	\$ 507,932	\$ 434,459	\$ 401,326	\$ 193,236	\$ 57,561	\$ 148,732
School's covered-employee payroll	\$ 953,771	\$ 1,187,741	\$ 1,516,641	\$ 950,124	\$ 831,724	\$ 807,699	\$ 693,646	\$ 474,930	\$ 393,278
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.32%	115.08%	55.88%	53.46%	52.24%	49.69%	27.86%	12.12%	37.82%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%

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

\* Complete 10-year information to be presented in future years as it becomes available.

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Required Supplementary Information  
Schedule of the School's Contributions  
Florida Retirement System  
Last 10 Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 88,107	\$ 104,782	\$ 76,302	\$ 48,059	\$ 38,236	\$ 38,760	\$ 36,475	\$ 20,664	\$ 11,627
Contributions in relation to the contractually required contribution	<u>(88,107)</u>	<u>(104,782)</u>	<u>(76,302)</u>	<u>(48,059)</u>	<u>(38,236)</u>	<u>(38,760)</u>	<u>(36,475)</u>	<u>(20,664)</u>	<u>(11,627)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 953,771	\$1,187,741	\$1,516,641	\$950,124	\$831,724	\$807,699	\$693,646	\$474,930	\$393,278
Contributions as a percentage of covered-employee payroll	9.24%	8.82%	5.03%	5.06%	4.60%	4.80%	5.26%	4.35%	2.96%

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

\* Complete 10-year information to be presented in future years as it becomes available.



The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Required Supplementary Information  
Schedule of the School's Proportionate Share of the Net Pension Liability  
Health Insurance Subsidy Program  
Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability (asset)	0.003355032%	0.004364682%	0.003670765%	0.002908991%	0.002609312%	0.002616358%	0.002286370%	0.001598480%
School's proportionate share of the net pension liability (asset)	\$ 411,545	\$ 532,921	\$ 410,722	\$ 307,891	\$ 279,000	\$ 304,926	\$ 233,174	\$ 149,462
School's covered-employee payroll	\$ 953,771	\$ 1,187,741	\$ 1,516,641	\$ 950,124	\$ 831,724	\$ 807,699	\$ 693,646	\$ 474,930
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.15%	44.87%	27.08%	32.41%	33.54%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

\* Complete 10-year information to be presented in future years as it becomes available.

The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
(A charter school under The Charter Schools of Excellence, Inc.)

Required Supplementary Information  
Schedule of the School's Contributions  
Florida Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 19,721	\$ 25,152	\$ 20,383	\$ 15,776	\$ 13,809	\$ 13,411	\$ 8,740	\$ 5,476	\$ 4,434
Contributions in relation to the contractually required contribution	(19,721)	(25,152)	(20,383)	(15,776)	(13,809)	(13,411)	(8,740)	(5,476)	(4,434)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 953,771	\$1,187,741	\$1,516,641	\$ 950,124	\$ 831,724	\$ 807,699	\$ 693,646	\$ 474,930	\$ 393,278
Contributions as a percentage of covered-employee payroll	2.07%	2.12%	1.34%	1.66%	1.66%	1.66%	1.26%	1.15%	1.13%

**Last 10 Fiscal Years\***

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

\* Complete 10-year information to be presented in future years as it becomes available.



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

---

Board of Directors of  
The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of (the "School") as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 30, 2022.

### **Purpose of this Report**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 30, 2022



## MANAGEMENT LETTER

To the Board of Directors of  
The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus  
Fort Lauderdale, Florida

### **Report on the Financial Statements**

We have audited the financial statements of The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus, Fort Lauderdale, Florida, as of and for the year ended June 30, 2022 and have issued our report thereon dated September 30, 2022.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 30, 2022, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings and recommendations made in the preceding financial audit report.

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity 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 The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus, 5271.

## **Financial Condition and Management**

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that 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 Charter Schools of Excellence, Inc. #5271 Davie 1 Campus. It is management's responsibility to monitor The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus'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 recommendation to improve financial management. In connection with our audit, we did not have such recommendations.

## **Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that 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 do not have any such recommendations.

## **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 Florida House of Representatives, the Florida Auditor General, School Board of Broward County, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 30, 2022