

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
 (A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
 DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)  
 TABLE OF CONTENTS  
 JUNE 30, 2023**

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-6
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Basic Financial Statements	13-19
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	20
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	21
Notes to the Budgetary Comparison Schedule	22
 <b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Controls 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>	23
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	24-25

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**INDEPENDENT AUDITORS' REPORT**

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CABALLERO FIERMAN  
LLERENA + GARCIA LLP  
accountants | advisors

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Paragon Academy of Technology, Inc.  
Hollywood, Florida

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Paragon Academy of Technology, Inc. (PAT) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise PAT's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of PAT, as of June 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PAT 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 PAT's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **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 auditors' 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 PAT'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 PAT's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–6 and 20–22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Hollywood, FL  
September 29, 2023

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

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**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

Our discussion and analysis of the Paragon Academy of Technology, Inc.'s, (PAT) financial performance provides an overview of PAT's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with PAT's financial statements which immediately follow this discussion.

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

**FINANCIAL HIGHLIGHTS**

- The assets of PAT exceeded liabilities and deferred inflows of resources as of June 30, 2023 by \$129,955 compared to \$225,016 as of June 30, 2022 (net position).
- At June 30, 2023, PAT had current assets on hand of \$485,364 compared to \$429,554 as of June 30, 2022 and current liabilities of \$264,614 compared to \$181,494. The increase in current assets was due to an increase in accounts payable and accrued expenses.
- The net position of PAT decreased by \$95,061 during 2023 compared to a decrease of \$95,591 during the prior year.
- At June 30, 2023, PAT reported \$219,533 of unassigned fund balance compared to \$248,061 as of June 30, 2022; a decrease of \$28,528.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of PAT's financial position. Included in these statements are all assets, liabilities, and deferred inflows of resources using the accrual method of accounting. All of the current year's revenues and expenses are also recorded.

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

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

The government-wide financial statements can be found on pages 7 – 8 on this report.

***Fund Financial Statements***

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PAT like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

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

The governmental fund financial statements can be found on pages 9 – 12 of this report.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**Notes to the Financial Statements**

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

The Notes to the Financial Statements can be found on pages 13 – 19 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of PAT's financial position. PAT's assets exceeded liabilities by \$129,955 and by \$225,016 as of June 30, 2023 and June 30, 2022, respectively. A summary of PAT's net position as of June 30:

	<b>Net position</b>		
	<b>2023</b>	<b>2022</b>	<b>Variance</b>
<b>Assets</b>			
Current and other assets	\$ 485,364	\$ 429,555	\$ 55,809
Capital assets	2,204,785	2,279,121	(74,336)
<b>Total assets</b>	<b>\$ 2,690,149</b>	<b>\$ 2,708,676</b>	<b>\$ (18,527)</b>
<b>Liabilities and net position</b>			
Current liabilities	\$ 264,614	\$ 181,494	\$ 83,120
Non-current liabilities	2,295,580	2,302,166	(6,586)
<b>Total liabilities</b>	<b>2,560,194</b>	<b>2,483,660</b>	<b>76,534</b>
Net investments in capital assets	(90,795)	(23,045)	(67,750)
Unrestricted	220,750	248,061	(27,311)
<b>Total net position</b>	<b>129,955</b>	<b>225,016</b>	<b>(95,061)</b>
<b>Total liabilities and net position</b>	<b>\$ 2,690,149</b>	<b>\$ 2,708,676</b>	<b>\$ (18,527)</b>
<b>Revenue sources</b>			
	<b>2023</b>	<b>2022</b>	<b>Variance</b>
State passed through local schools	\$ 1,121,510	\$ 937,716	\$ 183,794
Federal passed through local schools	162,584	55,612	106,972
Other revenue	8,596	146,060	(137,464)
	<b>\$ 1,292,690</b>	<b>\$ 1,139,388</b>	<b>\$ 153,302</b>

At the end of the year, PAT is able to report positive balances in total net position. The increase in cash was a result of an increase in accounts payable. There was an accrual for the administrative retirement package which was not paid out until July 2023. Revenues for governmental activities totaled \$1,292,690 and \$1,139,388 for the years ended June 30, 2023 and 2022, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 75% and 83% for 2023 and 2022 of total revenue, respectively.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Expenses for major functions of PAT are shown in the following table:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Instruction	\$ 619,941	\$ 514,773	\$ 105,168
Pupil personnel services	26,660	37,647	(10,987)
Instruction and curriculum development services	28,270	-	28,270
Instructional staff training	375	1,474	(1,099)
Instructional related technology	9,342	204	9,138
Board expenses	13,780	12,485	1,295
School administration	248,330	324,391	(76,061)
Facilities acquisition & construction	74,121	77,922	(3,801)
Fiscal services	39,003	37,745	1,258
Pupil transportation services	-	24,834	(24,834)
Operation of plant	153,255	184,345	(31,090)
Maintenance of plant	16,850	10,644	6,206
Community activities	5,908	2,881	3,027
Debt service	137,957	126,727	11,230
	<u>\$ 1,373,792</u>	<u>\$ 1,356,072</u>	<u>\$ 17,720</u>
Totals			

The increase in instruction cost was the result of an increase in instructional staff as compared to the prior year. The decrease in school administration is related to a decrease in the administrative retirement reserve. The decrease in operation of plant expenses was related to a decrease in custodian staff as compared to the prior year.

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Revenues	1,292,690	1,139,388	153,302
Expenditures	(1,320,001)	(1,292,772)	(27,229)
Other financing sources	-	-	-
Change in fund balance	(27,311)	(153,384)	126,073
Fund balance, beginning of year	248,061	401,445	(153,384)
Fund balance, end of year	<u>220,750</u>	<u>248,061</u>	<u>(27,311)</u>

**CURRENT YEAR VS PRIOR YEAR RESULTS – FUND BASIS**

The 2022 – 2023 school year was the seventeenth year that PAT enrolled students. Total revenue was \$1,292,690 and \$1,139,388 for the years ended June 30, 2023 and 2022, respectively. The increase in revenue was the result of the school receiving additional FEFP funding. Total expenditures were \$1,320,001 and \$1,292,772 for the years ended June 30, 2023 and 2022, respectively. The increase in expenditures is primarily attributable to the increase in instruction function expenses as described above.

**PARAGON ACADEMY OF TECHNOLOGY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Prior to the start of PAT's fiscal year, the school board adopted an annual budget for PAT. A budgetary comparison schedule has been provided for the governmental funds to demonstrate compliance with PAT's budget and it is reported on page 20.

**PROSPECTS FOR THE FUTURE**

On May 1<sup>st</sup>, 2019, PAT's related school purchased the building they were renting. PAT now leases space from the related school. There are unoccupied buildings on the property which were not used in the past year, and PAT and its related school plan to explore their options of utilizing this new found space as an additional source of income.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Paragon Academy of Technology, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Paragon Academy of Technology, Inc., 502 N. 28 Avenue, Hollywood, Florida 33020.

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## **BASIC FINANCIAL STATEMENTS**

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**PARAGON ACADEMY OF TECHNOLOGY, INC.  
(A COMPONENT UNIT OF THE DISTRICT SCHOOL  
BOARD OF BROWARD COUNTY, FLORIDA)  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 484,147
Prepaid expenses	1,217
Capital assets being depreciated, net	2,204,785
Total assets	\$ 2,690,149
<b>LIABILITIES</b>	
Salaries and wages payable	\$ 74,112
Accounts payable	190,502
Noncurrent liabilities	
Due within one year	9,631
Due in more than one year	2,285,949
Total liabilities	2,560,194
<b>NET POSITION</b>	
Net investment in capital assets	(90,795)
Unrestricted	220,750
Total net position	129,955
Total liabilities and net position	\$ 2,690,149

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 619,941	\$ -	\$ 162,584	\$ -	\$ (457,357)
Pupil personnel services	26,660	-	-	-	(26,660)
Instruction and curriculum development services	28,270	-	-	-	(28,270)
Instructional staff training	375	-	-	-	(375)
Instructional related technology	9,342	-	-	-	(9,342)
Board expenses	13,780	-	-	-	(13,780)
School administration	248,330	-	-	-	(248,330)
Facilities acquisition & construction	74,121	-	-	-	(74,121)
Fiscal services	39,003	-	-	-	(39,003)
Operation of plant	153,255	-	-	-	(153,255)
Maintenance of plant	16,850	-	-	-	(16,850)
Community services	5,908	-	-	-	(5,908)
Debt service	137,957	-	-	91,488	(46,469)
Total governmental activities	<u>\$ 1,373,792</u>	<u>\$ -</u>	<u>\$ 162,584</u>	<u>\$ 91,488</u>	<u>(1,119,720)</u>
General Revenues:					
State through local school district					1,029,922
Miscellaneous revenues					8,696
Loss on sale of assets					(13,959)
Total general revenues and special items					<u>1,024,659</u>
Change in net position					(95,061)
Net position - beginning					<u>225,016</u>
Net position - ending					<u>\$ 129,955</u>

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash	\$ 484,147	\$ -	\$ -	\$ 484,147
Prepaid expenses	1,217	-	-	1,217
Total Assets	<u>\$ 485,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,364</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Salaries and wages payable	\$ 74,112	\$ -	\$ -	\$ 74,112
Accounts payable	190,502	-	-	190,502
Total Liabilities	<u>264,614</u>	<u>-</u>	<u>-</u>	<u>264,614</u>
Fund balances:				
Nonspendable	1,217	-	-	1,217
Unassigned	219,533	-	-	219,533
Total Fund Balances	<u>220,750</u>	<u>-</u>	<u>-</u>	<u>220,750</u>
Total Liabilities and Fund Balances	<u><u>\$ 485,364</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 485,364</u></u>

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**Fund balance - total governmental funds (see page 9)** \$ 220,750

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	2,393,825	
Less accumulated depreciation	<u>(189,040)</u>	
		2,204,785

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

Lease payable	(2,295,580)	
		(2,295,580)

**Net position of governmental activities (see page 7)** **\$ 129,955**

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Federal passed through local school district	\$ -	\$ 162,584	\$ -	\$ 162,584
State passed through local school district	1,027,888	-	93,622	1,121,510
Other revenue	8,596	-	-	8,596
Total revenues	1,036,484	162,584	93,622	1,292,690
<b>EXPENDITURES</b>				
Current:				
Instruction	522,459	94,810	-	617,269
Pupil personnel services	21,590	5,070	-	26,660
Instruction and curriculum development services	-	28,270	-	28,270
Instructional staff training	375	-	-	375
Instructional related technology	8,880	462	-	9,342
Board expenses	13,780	-	-	13,780
School administration	247,100	-	-	247,100
Fiscal services	39,003	-	-	39,003
Operation of plant	123,793	28,468	-	152,261
Maintenance of plant	16,850	-	-	16,850
Community services	5,908	-	-	5,908
Debt service:				
Repayment of principal	-	-	6,586	6,586
Interest	53,055	-	84,902	137,957
Capital Outlay				
Facilities acquisition & construction	-	-	2,134	2,134
Other Capital outlay	11,002	5,504	-	16,506
Total expenditures	1,063,795	162,584	93,622	1,320,001
Deficit of revenues under expenditures	(27,311)	-	-	(27,311)
Net change in fund balances	(27,311)	-	-	(27,311)
Fund balances - beginning	248,061	-	-	248,061
Fund balances - ending	\$ 220,750	\$ -	\$ -	\$ 220,750

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2023**

**Net change in fund balances - total governmental funds (see page 11)** **\$ (27,311)**

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

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

Expenditures for capital assets	18,640	
Less current year depreciation	(76,883)	
Capital outlays not meeting threshold for capitalization	(2,134)	
Net adjustment	(60,377)	(60,377)

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.

Sale of capital assets		(13,959)
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The issuance of long term debt (e.g., bonds, leases) provides current financial debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position resources to governmental funds, while the repayment of the principal of long term.

Repayment of long-term debt		6,586
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**Change in net position of governmental activities (see page 8)** **\$ (95,061)**

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Paragon Academy of Technology, Inc. ("PAT") operates as a Charter School pursuant to a Charter School Contract ("the Contract") with the School District of Broward County, Florida ("the District"). Under the Contract, PAT provides a middle school education to children who reside in Broward County. The governing body of PAT is the Board of Directors.

The general operating authority of PAT is under Florida Statutes 228.056(7) as a Charter School Contract with the School Board of Broward County, Florida. Under the Charter, PAT provides education to children from the sixth through the eighth grade in Broward County. In April 2014, PAT's charter was amended to permit PAT to operate a charter school for grades six through twelve. The Charter Contract was renewed and is now effective through June 30, 2025.

Criteria for determining if other entities are potential component units which should be reported within PAT's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which PAT is financially accountable and other organizations for which the nature and significance of their relationship with PAT are such that exclusion would cause PAT's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of PAT. PAT is a component unit of the District.

**B. Government-Wide Financial Statements**

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of PAT. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as PAT does not engage in any business-type activities.

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all current and noncurrent assets and all current and noncurrent liabilities. PAT's net position is reported in two (2) categories: investment in capital assets and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of PAT's functions. The net costs, by function, are supported by general revenues. The statement of activities reduces gross expenses by related program revenues. Program revenues must be directly associated with the function. Operating grants include operating- specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**C. Fund Financial Statements**

PAT's accounts are organized on the basis of funds. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balance, revenues and expenditures.

PAT reports the following major governmental funds:

General Fund – the general operating fund of PAT. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes such as Title I, IDEA funds and the National School Lunch Program.

Capital Projects Fund - to account for the proceeds Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Fund Financial Statements (continued)**

Separate fund financial statements report detailed information about PAT's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of PAT's funds were deemed major funds even if the respective fund did not meet the percentage criteria. A reconciliation is provided that converts the results of governmental fund accounting to the government - wide presentation.

**D. Measurement focus, basis of accounting, and financial statement presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty (60) days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

PAT's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

PAT has a revenue spending policy that provides policy for programs with multiple revenue sources. The board of directors will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The board of directors has the authority to deviate from this policy if it is in the best interest of the school.

**C. Budgetary Basis of Accounting**

PAT's annual budgets are adopted for the entire operations of PAT and may be amended by the Board of Directors (the "Board"). Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

**D. Deposits and Investments**

PAT's cash is considered to be cash on hand and demand deposits, with maturities of three months or less.

**E. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by PAT as assets with an initial individual cost of more than \$ 750 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition values at the date of donation. As of June 30, 2023, PAT carried net capital assets of \$ 2,204,785.

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Capital Assets (Continued)**

Property, plant and equipment of PAT are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Estimated Useful Lives
Building equipment	10
Building - right of use	32
Computer software and equipment	20
Furniture, fixture and equipment	5

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**F. Equity Classifications**

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – consists of components of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other components of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance

GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and it establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of PAT’s highest level of decision-making authority. Commitments may be changed or lifted only by PAT taking the same formal action that imposed the constraint originally.
- Assigned fund balance - comprises amounts intended to be used by PAT for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Revenue Sources**

Revenues for current operations are received primarily from the State of Florida passed through the District to PAT pursuant to the funding provisions included in PAT's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, PAT reports 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 FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for PAT is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by PAT during designated FTE student survey periods.

PAT 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 leasing school facilities. In addition, PAT may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

**H. Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred inflows of resources, liabilities, deferred outflows of resources, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**I. Income Taxes**

PAT is a non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. PAT is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Fund Accounting Requirements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SECS, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance related requirement, bond covenants, and segregation for management purposes. SECS has various restrictions placed over certain revenue sources from federal, state, or local requirements.

Excesses of expenditures over appropriations

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations in the General Fund for the following departments: Instruction \$57,609, Instructional related technology \$8,674; Fiscal Services \$1,206; Maintenance of Plant \$4,470; Community Services \$5,908; Capital Outlay \$6,779. These over-expenditures were funded by available fund balance in the General Fund.

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations in the Special Revenue Fund for the following departments: Instruction \$45,850; Pupil personnel services \$3,089; Instruction and curriculum development services \$550; Instructional Related Technology \$462; Operation of Plant \$28,468; and Capital Outlay \$5,504. These over-expenditures were funded by available funds received from the ESSER II and ESSER ARP grants.

**NOTE 3 – CASH**

Under Chapter 280, Florida Statutes, PAT's deposits must be placed in banks and savings and loans which are qualified as public depositories. PAT maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2023, uninsured bank deposit balances were \$ 231,647.

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Building equipment	37,427	-	(21,568)	15,859
Building - right of use	2,317,357	-	-	2,317,357
Furniture, fixtures & equipment	44,103	16,506	-	60,609
Total assets being depreciated	<u>2,398,887</u>	<u>16,506</u>	<u>(21,568)</u>	<u>2,393,825</u>
Less accumulated depreciation and amortization for:				
Building equipment	(11,931)	(1,586)	7,609	(5,908)
Building - right of use	(70,401)	(70,401)	-	(140,802)
Furniture, fixtures & equipment	(37,434)	(4,896)	-	(42,330)
Total accumulated depreciation and amortized	<u>(119,766)</u>	<u>(76,883)</u>	<u>7,609</u>	<u>(189,040)</u>
Total capital assets being depreciated, net	<u>2,279,121</u>	<u>(60,377)</u>	<u>(13,959)</u>	<u>2,204,785</u>
Total governmental activities capital assets, net	<u>\$ 2,279,121</u>	<u>\$ (60,377)</u>	<u>\$ (13,959)</u>	<u>\$ 2,204,785</u>

Provision for depreciation and amortization was charged to functions/programs of the City as follows:

Instruction	\$ 2,672
School administration	1,230
Facilities acquisition and construction	71,987
Operation of plant	994
Total depreciation expense - governmental activities	<u>\$ 76,883</u>

**NOTE 5 – NONCURRENT LIABILITIES**

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Lease liability	\$ 2,302,166	\$ -	\$ (6,586)	\$ 2,295,580	\$ 9,631
Total	<u>\$ 2,302,166</u>	<u>\$ -</u>	<u>\$ (6,586)</u>	<u>\$ 2,295,580</u>	<u>\$ 9,631</u>

Lease liability

In May 1, 2019, PAT entered into a 32-year lease with Sunshine Elementary Charter School (SECS) for use of the property designated as the middle school campus. The lease has a maturity date of June 1, 2054. A lease liability was recorded as of July 1, 2021 in the amount of \$ 2,317,357. As of June 30, 2023, the value of the lease liability is \$ 2,295,580. The lease has an imputed interest rate of 6.00%.

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 5 – NONCURRENT LIABILITIES (Continued)**

Debt service requirements to maturity for the fiscal year ended June 30, 2023 are summarized as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service
2024	\$ 9,631	\$ 9,631	\$ 19,262
2025	14,088	14,088	28,176
2026	18,418	18,418	36,836
2027	21,453	21,453	42,906
2028	26,399	26,399	52,798
2029-2033	207,414	207,414	414,828
2034-2038	280,590	280,590	561,180
2039-2043	375,456	375,456	750,912
2044-2048	507,286	507,286	1,014,572
2049-2053	685,240	685,240	1,370,480
2054	149,605	149,605	299,210
	\$ 2,295,580	\$ 2,295,580	\$ 4,591,160

**NOTE 6 – RELATED PARTY**

As discussed in Note 5, PAT shares a facility with SECS. The schools also share certain administrative and maintenance employees, costs to operate the facility and SECS administers the National School Lunch Program for PAT. At times, there are balances due between the schools. At June 30, 2023, there was \$ 4,892 due to SECS for reimbursement of shared costs.

**NOTE 7 – ACCRUED ADMINISTRATIVE RETIREMENT**

The Board of Directors voted to create an Administrative Retirement Package for its Principal and Vice Principal who have over 10 or more years of service with PAT. The Board agreed to set aside this retirement liability over a two year period. The amount of \$185,405 has been accrued at June 30, 2023. On July 5, 2023, the board approved the pay out of the administrative retirement package as discussed above.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

Management Agreement

School Financial Services, Inc., an education service and support provider, offers administrative services to SECS including, but not limited to, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement calls for a fee on per student basis. The agreement is with SECS for a period of one years through June 30, 2023, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2023, the School incurred \$ 26,664 in fees.

Funding

SECS receives funding from the District which is received from the State of Florida that is based, in part on a computation of the number of full time equivalent (FTE) students enrolled in SECS. The accuracy of the data provided by SECS supporting the FTE count is subject to state audit and, if found to be in error, could result in refunds or in decreases in future funding allocations.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable school.

It is the opinion of management that the amount of revenue which may be remitted back to the State due to errors in the FTE count or amount of grant expenditures which may be disallowed by granting agencies, if any, will not be material to the financial position of SECS.

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 – RISK MANAGEMENT**

PAT is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. PAT purchases commercial insurance for all material risks of loss to which PAT is exposed, including general liability, property and workers compensation. There have been no claims in excess of insurance coverage limits during the past three years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(UNAUDITED)**

	Budgeted amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State passed through local school district	\$ 996,769	\$ 996,769	\$ 1,027,888	\$ (31,119)
Other revenue	16,981	16,981	8,596	8,385
Total revenues	1,013,750	1,013,750	1,036,484	(22,734)
<b>EXPENDITURES</b>				
Current:				
Instruction	464,850	464,850	522,459	(57,609)
Pupil personnel services	29,274	29,274	21,590	7,684
Instructional staff training	1,489	1,489	375	1,114
Instructional related technology	206	206	8,880	(8,674)
Board expenses	13,848	13,848	13,780	68
School administration	279,555	279,555	247,100	32,455
Fiscal services	37,797	37,797	39,003	(1,206)
Operation of plant	126,080	126,080	123,793	2,287
Maintenance of plant	12,380	12,380	16,850	(4,470)
Community services	-	-	5,908	(5,908)
Debt service:				
Interest	56,393	56,393	53,055	3,338
Capital Outlay				
Other Capital outlay	4,223	4,223	11,002	(6,779)
Total expenditures	1,026,095	1,026,095	1,063,795	(37,700)
Deficit of revenues under expenditures	(12,345)	(12,345)	(27,311)	14,966
Net change in fund balances	(12,345)	(12,345)	(27,311)	(14,966)
Fund balances - beginning	42,883	42,883	248,061	205,178
Fund balances - ending	\$ 30,538	\$ 30,538	\$ 220,750	\$ 220,144

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A COMPONENT UNIT OF THE DISTRICT SCHOOL**  
**BOARD OF BROWARD COUNTY, FLORIDA)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(UNAUDITED)**

	Budgeted amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal passed through local school district	\$78,661	\$78,661	\$ 162,584	\$ (83,923)
Total revenues	78,661	78,661	162,584	(83,923)
<b>EXPENDITURES</b>				
Current:				
Instruction	48,960	48,960	94,810	(45,850)
Pupil personnel services	1,981	1,981	5,070	(3,089)
Instruction and curriculum development services	27,720	27,720	28,270	(550)
Instructional related technology	-	-	462	(462)
Operation of plant	-	-	28,468	(28,468)
Capital Outlay				
Other Capital outlay	-	-	5,504	(5,504)
Total expenditures	78,661	78,661	162,584	(83,923)
Excess of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

**PARAGON ACADEMY OF TECHNOLOGY, INC.**  
**(A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**JUNE 30, 2023**

**NOTE 1**

PAT formally adopted a budget for the fiscal year ended June 30, 2023. Budgeted amounts may be amended by resolution or ordinance by the School Board. The budget has been prepared in accordance with the accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the School is presented as required supplementary information.

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**COMPLIANCE SECTION**

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**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  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Paragon Academy of Technology, Inc.  
Hollywood, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Paragon Academy of Technology, Inc. (PAT), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise PAT's basic financial statements, and have issued our report thereon dated September 29, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PAT'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 PAT's internal control. Accordingly, we do not express an opinion on the effectiveness of PAT'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 PAT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Hollywood, FL  
September 29, 2023

## MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors  
Paragon Academy of Technology, Inc.  
Hollywood, Florida

### Report on the Financial Statements

We have audited the financial statements of Paragon Academy of Technology, Inc. (PAT), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated September 29, 2023.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent 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 that report which is dated September 29, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Paragon Academy of Technology, Inc. and 5400, respectively.

### Financial Condition and Management

Section 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 PAT 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 PAT did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor PAT'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. Our assessment was performed as of the fiscal year end.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Transparency

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

**Additional Matters**

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

**Purpose of this Letter**

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

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Miami, Florida  
September 29, 2023