

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)**

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)
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INDEPENDENT AUDITORS' REPORT



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sunshine Elementary Charter School, 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 Sunshine Elementary Charter School, Inc. (SECS) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SECS'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 SECS, 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 SECS 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 SECS'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 SECS'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 SECS'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 22–24 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 SECS'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 SECS'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 SECS's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

For financial reporting purposes, SECS is considered a component unit of the District School Board of Broward County, Florida, which is a primary government entity for financial reporting. SECS 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 SECS 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 SECS.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of SECS exceeds its assets at June 30, 2023 by \$353,564 compared to an excess of assets over liabilities and deferred inflows of resources of \$95,605 as of June 30, 2022 (net position).
- At June 30, 2023, SECS had current assets on hand of \$805,350 compared to \$1,051,469 as of June 30, 2022 and current liabilities of \$703,765 compared to \$493,732. The decrease in current assets was due to debt service payments.
- The net position of SECS decreased by \$488,137 during 2023 compared to a decrease of \$169,169 during the prior year.
- At June 30, 2023, SECS reported \$265,682 of unassigned fund balance compared to \$1,222,511 as of June 30, 2022; a decrease of \$956,829.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of SECS'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 SECS'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 SECS 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. SECS like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

Governmental Funds - All of SECS'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 SECS's governmental activities and the basic services it provides.

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, 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 – 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of SECS's financial position. SECS's liabilities exceeded assets by \$392,532 and assets exceeded liabilities by \$95,605 as of June 30, 2023 and June 30, 2022, respectively. A summary of SECS's net position as of June 30:

	Net position		
	2023	2022	Variance
Current and other assets	805,350	1,051,469	(246,119)
Lease receivable	2,295,580	2,302,166	(6,586)
Restricted assets	715,740	707,271	8,469
Capital assets	6,470,087	6,575,384	(105,297)
Total assets	10,286,757	10,636,290	(349,533)
Current liabilities	663,765	463,729	200,036
Non-current liabilities	7,800,000	7,830,000	(30,000)
Total liabilities	8,463,765	8,293,729	170,036
Lease	2,176,556	2,246,956	(70,400)
Total deferred inflows of resources	2,176,556	2,246,956	(70,400)
Net position			
Net investments in capital assets	(1,329,913)	(1,254,616)	(75,297)
Restricted	33,939	(11,283)	45,222
Unrestricted	942,410	1,361,504	(419,094)
Total net position	(353,564)	95,605	(449,169)
Revenue sources			
	2023	2022	Variance
State passed through local schools	\$ 1,957,663	\$ 2,093,864	\$ (136,201)
Federal passed through local schools	556,275	403,222	153,053
Other revenue	283,384	620,634	(337,250)
	\$ 2,797,322	\$ 3,117,720	\$ (320,398)

At the end of the year, SECS is able to report negative balances in total net position. The decrease in cash was a result of debt service payments related to the 2019A bond. Revenues for governmental activities totaled \$2,797,322 and \$3,117,759 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 57% and 59% for 2023 and 2022 of total revenue, respectively. The School Lunch Program provides for breakfast and lunch for the students and is the major component of federal funds received. However, there was a decrease in school lunch program revenue as there was an emergency grant issued for 2022.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	2023	2022	Variances
Instruction	\$ 1,302,760	\$ 1,163,985	\$ 138,775
Pupil personnel services	96,174	48,937	47,237
Instruction and curriculum development services	28,270	60,563	(32,293)
Instructional staff training	3,405	-	3,405
Instructional related technology	19,268	22,767	(3,499)
Board expenses	17,104	18,007	(903)
School administration	564,799	637,180	(72,381)
Facilities acquisition & construction	162,250	159,375	2,875
Fiscal services	67,874	74,250	(6,376)
Food services	194,669	213,745	(19,076)
Pupil transportation services	-	46,121	(46,121)
Operation of plant	265,655	315,262	(49,607)
Maintenance of plant	26,487	20,226	6,261
Community activities	19,270	29,587	(10,317)
Debt service	478,506	476,923	1,583
	<u>\$ 3,246,491</u>	<u>\$ 3,286,928</u>	<u>\$ (40,437)</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 expenses is related to a decrease in the administrative retirement reserve. The decrease in pupil transportation services was related to no transportation services being provided in 2022-2023.

FUND FINANCIAL ANALYSIS

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

	2023	2022	Variances
Revenues	2,797,322	3,117,759	(320,437)
Expenditures	(3,171,194)	(3,161,586)	(9,608)
Other financing sources	-	(334,700)	334,700
	<u>(373,872)</u>	<u>(378,527)</u>	<u>4,655</u>
Change in fund balance			
Fund balance, beginning of year	<u>1,350,221</u>	<u>1,728,748</u>	<u>(378,527)</u>
Fund balance, end of year	<u>976,349</u>	<u>1,350,221</u>	<u>(373,872)</u>

CURRENT YEAR VS PRIOR YEAR RESULTS – FUND BASIS

The 2022 – 2023 school year was the seventeenth year that SECS enrolled students. Total revenue was \$2,797,322 and \$3,117,759 for the years ended June 30, 2023 and 2022, respectively. The decrease in revenue was the result of the school not receiving Covid-19 grants. Total expenditures were \$3,171,194 and \$3,161,586 for the years ended June 30, 2023 and 2022, respectively. The increase in expenditures is primarily attributable to the increase in school administration function expenses as described above.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

Prior to the start of SECS's fiscal year, the school board adopted an annual budget for SECS. A budgetary comparison schedule has been provided for the governmental funds to demonstrate compliance with SECS's budget and it is reported on page 22.

DEBT MANAGEMENT

The total outstanding bonds payable as of June 30, 2023 was \$7,800,000 and the principal payment is coming due by June 30, 2024 for \$40,000. The remainder of the balance is classified as long-term debt due after one year. See Note 8 for further details.

PROSPECTS FOR THE FUTURE

On May 1st, 2019, SECS purchased the building they were renting. There are unoccupied buildings on the property which were not used in the past years, and SECS plans to explore their options of utilizing this space and to generate additional revenue.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash	\$ 713,332
Prepaid expenses	2,573
Due from other agencies	89,445
Lease receivable	2,295,580
Restricted cash held by trustee	715,740
Capital assets not being depreciated	2,879,980
Capital assets being depreciated, net	3,590,107
Total assets	\$ 10,286,757
LIABILITIES	
Salaries and wages payable	\$ 189,298
Accounts payable	474,467
Noncurrent liabilities	
Due within one year	40,000
Due in more than one year	7,760,000
Total liabilities	8,463,765
DEFERRED INFLOWS OF RESOURCES	
Lease	2,176,556
Total deferred inflows of resources	2,176,556
NET POSITION	
Net investment in capital assets	(1,329,913)
Restricted	
Food services	33,939
Unrestricted	942,410
Total net position	(353,564)
Total liabilities, deferred inflows of resources and net position	\$ 10,286,757

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND 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 Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 1,302,760	\$ -	\$ 314,248	\$ -	\$ (988,512)
Pupil personnel services	96,174	-	50,819	-	(45,355)
Instruction and curriculum development services	28,270	-	-	-	(28,270)
Instructional staff training	3,405	-	-	-	(3,405)
Instructional related technology	19,268	-	-	-	(19,268)
Board expenses	17,104	-	-	-	(17,104)
School administration	564,799	-	-	-	(564,799)
Facilities acquisition & construction	162,250	-	-	-	(162,250)
Fiscal services	67,874	-	-	-	(67,874)
Food services	194,669	-	195,296	-	627
Operation of plant	265,655	-	-	-	(265,655)
Maintenance of plant	26,487	-	-	-	(26,487)
Community services	19,270	-	-	-	(19,270)
Debt service	478,506	-	-	152,835	(325,671)
Total governmental activities	<u>\$ 3,246,491</u>	<u>\$ -</u>	<u>\$ 560,363</u>	<u>\$ 152,835</u>	<u>(2,533,293)</u>
			General Revenues		
			State through local school district		1,800,640
			Investment earnings		137,791
			Miscellaneous revenues		145,693
			Total General Revenues		<u>2,084,124</u>
			Change in net position		(449,169)
			Net position - beginning		<u>95,605</u>
			Net position - ending		<u>\$ (353,564)</u>

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS					
Cash	\$ 713,332	\$ -	\$ -	\$ -	\$ 713,332
Due from other agencies	4,892	84,553	-	-	89,445
Due from other funds	84,553	33,939	-	-	118,492
Prepaid expenses	2,573	-	-	-	2,573
Lease receivable	2,295,580	-	-	-	2,295,580
Restricted cash held by trustee	-	-	715,740	-	715,740
Total assets	\$ 3,100,930	\$ 118,492	\$ 715,740	\$ -	\$ 3,935,162
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Salaries and wages payable	\$ 189,298	\$ -	\$ -	\$ -	\$ 189,298
Accounts payable	432,882	-	41,585	-	474,467
Due to funds	33,939	84,553	-	-	118,492
Total liabilities	656,119	84,553	41,585	-	782,257
Deferred inflows of resources:					
Lease	2,176,556	-	-	-	2,176,556
Total deferred inflows of resources	2,176,556	-	-	-	2,176,556
Fund balances:					
Nonspendable	2,573	-	-	-	2,573
Restricted	-	33,939	-	-	33,939
Committed	-	-	-	-	-
Assigned	-	-	674,155	-	674,155
Unassigned	265,682	-	-	-	265,682
Total fund balances	268,255	33,939	674,155	-	976,349
Total liabilities and fund balances	\$ 3,100,930	\$ 118,492	\$ 715,740	\$ -	\$ 3,935,162

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

**SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND 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)	\$	976,349
<p>Amounts reported for governmental activities in the statement of net position are different as a result of:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	7,244,685	
Less accumulated depreciation	<u>(774,598)</u>	
		6,470,087
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Bonds payable	(7,800,000)	
		(7,800,000)
Net position of governmental activities (see page 7)	\$	<u>(353,564)</u>

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND 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	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Federal passed through local school district	\$ -	\$ 556,275	\$ -	\$ -	\$ 556,275
State passed through local school district	1,796,390	4,088	157,185	-	1,957,663
Interest income	137,751	-	40	-	137,791
Other revenue	145,593	-	-	-	145,593
Total revenues	<u>2,079,734</u>	<u>560,363</u>	<u>157,225</u>	<u>-</u>	<u>2,797,322</u>
EXPENDITURES					
Instruction	1,051,840	237,732	-	-	1,289,572
Pupil personnel services	43,174	53,000	-	-	96,174
Instruction and curriculum development services	-	28,270	-	-	28,270
Instructional staff training	3,405	-	-	-	3,405
Instructional related technology	14,039	5,229	-	-	19,268
Board expenses	17,104	-	-	-	17,104
School administration	554,647	9,815	-	-	564,462
Fiscal services	67,874	-	-	-	67,874
Food services	-	192,659	-	-	192,659
Operation of plant	263,900	958	-	-	264,858
Maintenance of plant	26,487	-	-	-	26,487
Community services	24,188	-	-	-	24,188
Debt service:					
Repayment of principal	-	-	30,000	-	30,000
Interest	-	-	451,808	-	451,808
Bond fees	-	-	26,698	-	26,698
Capital Outlay	29,111	30,063	9,193	-	68,367
Total expenditures	<u>2,095,769</u>	<u>557,726</u>	<u>517,699</u>	<u>-</u>	<u>3,171,194</u>
Excess (deficit) of revenues over (under) expenditures	(16,035)	2,637	(360,474)	-	(373,872)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	451,074	-	451,074
Transfers out	(360,916)	(4,843)	-	(85,315)	(451,074)
Total other financing sources (uses)	<u>(360,916)</u>	<u>(4,843)</u>	<u>451,074</u>	<u>(85,315)</u>	<u>-</u>
Net change in fund balances	(376,951)	(2,206)	90,600	(85,315)	(373,872)
Fund balances - beginning	1,361,504	36,145	(132,743)	85,315	1,350,221
Prior period adjustment (See Note 11)	(716,298)	-	716,298	-	-
Fund balances - beginning as restated	645,206	36,145	583,555	85,315	1,350,221
Fund balances - ending	<u>\$ 268,255</u>	<u>\$ 33,939</u>	<u>\$ 674,155</u>	<u>\$ -</u>	<u>\$ 976,349</u>

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

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND 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) **\$ (373,872)**

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	68,367	
Less current year depreciation	(164,989)	
Capital outlays not meeting threshold for capitalization	(8,675)	
Net Adjustment	(105,297)	(105,297)

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		30,000
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Change in net position of governmental activities (see page 8) **\$ (449,169)**

NOTES TO BASIC FINANCIAL STATEMENTS

SUNSHINE ELEMENTARY CHARTER SCHOOL, 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

Sunshine Elementary Charter School, Inc. (“SECS”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the District School Board of Broward County, Florida (“the District”). Under the Contract, SECS provides elementary school education to children who reside in Broward County. The governing body of SECS is its Board of Directors.

The general operating authority of SECS is under Florida Statutes 228.056(7) as a Charter School Contract with the District School Board of Broward County, Florida. Under the Charter, SECS provides education to children from kindergarten through the fifth grade in Broward County. The Contract was extended again for an additional five-year term and is now effective through June 30, 2026.

Criteria for determining if other entities are potential component units which should be reported within SECS’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 SECS is financially accountable and other organizations for which the nature and significance of their relationship with SECS are such that exclusion would cause SECS’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of SECS. SECS 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 SECS. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as SECS 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. SECS’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 SECS’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

SECS’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.

SECS reports the following major governmental funds:

General Fund – the general operating fund of SECS. 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.

Debt Service Fund – to account for the proceeds and servicing of debt sources that are legally restricted to expenditures for a loan agreement related to the bond issuance.

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

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Financial Statements (continued)

Separate fund financial statements report detailed information about SECS'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 SECS'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.

SECS'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.

SECS 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

SECS's annual budgets are adopted for the entire operations of SECS 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

SECS'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 SECS 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, SECS carried net capital assets of \$6,470,087.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets (Continued)

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

Asset Type	Estimated Useful Lives
Building	35
Improvements other than building	20
Computer equipment	3
Furniture, fixture and equipment	6-7

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 SECS’s highest level of decision-making authority. Commitments may be changed or lifted only by SECS taking the same formal action that imposed the constraint originally.
- Assigned fund balance - comprises amounts intended to be used by SECS 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.

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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 SECS pursuant to the funding provisions included in SECS's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, SECS 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 SECS is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by SECS during designated FTE student survey periods.

SECS 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, SECS 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

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

J. Leases

Lessor

SECS is a lessor for a non-cancellable lease of the middle school campus to Paragon Academy of Technology, Inc. SECS recognizes a lease receivable in its financial statements. SECS recognizes lease receivables for leases with a term greater than 12 months. At the commencement of a lease, SECS initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments related to leases include how SECS determines: 1) the discount rate it uses to discount the expected lease receivable to present value, 2) lease term, and 3) lease revenue:

- SECS uses a rate of 6% at the lease inception date as the discount rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments expected to be received during the lease period.

SECS monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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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; Instructional staff training \$3,405, Maintenance of Plant \$327, Capital Outlay \$23,750. 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 \$85,822, Pupil personnel services \$49,253, Instructional Related Technology \$5,229, School Administration \$9,815, Operation of Plant \$958, and Capital Outlay \$30,063. 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, SECS’s deposits must be placed in banks and savings and loans which are qualified as public depositories. SECS maintains cash deposits at one bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of June 30, 2023 uninsured deposit balance totaled approximately \$460,832.

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
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,879,980	\$ -	\$ -	\$ 2,879,980
Total assets not being depreciated	2,879,980	-	-	2,879,980
Capital assets being depreciated:				
Building	3,603,311	-	-	3,603,311
Improvements & equipment	514,335	4,217	-	518,552
Furniture, fixtures & equipment	187,367	55,475	-	242,842
Total assets being depreciated	4,305,013	59,692	-	4,364,705
Less accumulated depreciation for:				
Building	(326,015)	(102,952)	-	(428,967)
Improvements & equipment	(116,757)	(50,902)	-	(167,659)
Furniture, fixtures & equipment	(166,837)	(11,135)	-	(177,972)
Total accumulated depreciation	(609,609)	(164,989)	-	(774,598)
Total capital assets being depreciated, net	3,695,404	(105,297)	-	3,590,107
Total governmental activities capital assets, net	<u>\$ 6,575,384</u>	<u>\$ (105,297)</u>	<u>\$ -</u>	<u>\$ 6,470,087</u>

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
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NOTE 4 – CAPITAL ASSETS (Continued)

Provision for depreciation was charged to functions/programs of SECS as follows:

Instruction	\$ 8,788
School administration	337
Facilities acquisition and construction	153,057
Food services	2,010
Operation of plant	<u>797</u>
Total depreciation expense - governmental activities	<u><u>\$ 164,989</u></u>

NOTE 5 – RELATED PARTY

SECS shares a facility with another charter school, Paragon Academy of Technology, Inc. (PAT). Effective May 1, 2019, PAT entered into a lease agreement with SECS to rent a portion of the facility that SECS purchased through the bond issuance. The schools also share certain administrative and maintenance employees, costs to operate the facility, and the National School Lunch Program which is administered by SECS. As of June 30, 2023, the total amount owed by SEC to PAT for reimbursement of shared costs was \$684.

NOTE 6 – LEASES

On May 1, 2019 SECS, as a lessor, entered into an agreement with Paragon Academy of Technology, Inc. (PAT), the lessee, to rent the middle school campus located on SECS property. The lease calls for an initial term of thirty-two (32) years commencing on July 1, 2019 and expiring on June 30, 2054. The lease includes options for renewing the lease for ten (10) additional five (5) year terms.

The lessee is required to make monthly fixed payments ranging from \$12,233 to \$14,042. SECS recognized lease revenue of \$208,357, comprised of \$70,401 in lease revenue and \$137,966 in interest income.

Future minimum rental to be received under this lease as of June 30, 2023 is as follows:

Fiscal Year			
Ended June 30,	Payments	Principal	Interest
2024	\$ 9,631	\$ 137,481	\$ 147,112
2025	14,088	136,782	150,870
2026	18,418	135,815	154,233
2027	21,453	134,630	156,083
2028	26,399	133,221	159,620
2029-2033	207,414	632,688	840,102
2034-2038	280,590	560,003	840,593
2039-2043	375,456	462,647	838,103
2044-2048	507,286	331,701	838,987
2049-2053	685,240	154,487	839,727
2054	149,605	4,525	154,130
	<u><u>\$ 2,295,580</u></u>	<u><u>\$ 2,823,980</u></u>	<u><u>\$ 5,119,560</u></u>

NOTE 7 – ACCRUED ADMINISTRATIVE RETIREMENT

The Board of Directors voted to create an Administrative Retirement Package for its Principal and Vice Principal who both have over 10 or more years of service with SECS. The Board agreed to set aside this retirement liability over a two-year period. The amount of \$421,678 has been accrued as of June 30, 2023. On July 5, 2023, the board approved the pay out of the administrative retirement package as discussed above.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM 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
Governmental Activities:					
Educational Facilities Revenue					
Bonds, Series 2019A	\$ 7,470,000	\$ -	\$ -	\$ 7,470,000	\$ -
Taxable Educational Facilities					
Revenue Bonds, Series 2019B	360,000	-	(30,000)	330,000	40,000
Total	<u>\$ 7,830,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 7,800,000</u>	<u>\$ 40,000</u>

On May 1, 2019, Capital Trust Agency issued Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019A in the aggregate principal amount of \$7,470,000 (the "Series 2019A Bonds") and its Taxable Educational Facilities Revenue Bonds (Paragon Academy of Technology and Sunshine Elementary Charter School Project) Series 2019B, in the aggregate principal amount of \$390,000 (the "Series 2019B Bonds" and together with the Series 2019A Bonds, the "Series 2019 Bonds") pursuant to the terms of an Indenture of Trust (the "Indenture"), by and between SECS and Capital Trust Agency and US Bank Trust, as trustee (the "Trustee") as financing for the purchase of land, building and future improvements. The Series 2019A and 2019B bonds were issued with an underwriter's discount totaling \$196,500 and that amount was recorded as an expense in the financial statements as part of the debt issuance costs for the year ended June 30, 2019.

The project fund was created as a result of the bond issuance to purchase the school campus. The project fund had a balance of \$-0- as of June 30, 2023. In addition, a reserve fund was created as result of the bond issuance and as of June 30, 2023, it maintained the required balance of \$561,688. In September 2019, a repair and replacement account was created as required by loan agreement to comply with the Capital Assessment Plan. The repair and replacement fund gets funded \$2,500 per month until June 30, 2024 when the balance reaches \$150,000. At that time, SECS will be required to submit a Capital Assessment Plan prepared by a qualified professional with respect to the facilities detailing a five year comprehensive plan for the facilities. As of June 30, 2023, this account had a balance of \$111,101. All bond funds are recorded as restricted in the accompanying financial statements.

SECS entered into a lease agreement with PAT that matures on June 1, 2054, the same date as the maturity of the bond. The lease payments will be applied towards the monthly principal and interest payments owed for the bond payments and PAT is required to maintain certain financial covenants to ensure they meet their obligations.

SECS is required to maintain certain financial covenants that began the fiscal year ended June 30, 2020. In addition, there are additional administrative covenants that SECS must follow to remain in compliance with the indenture. SECS has complied with the financial covenants that were required to be presented to the trustee during the fiscal year ended June 30, 2023.

2019A bond bears interest payable each June 1st and December 1st, commencing December 1, 2019, with an interest rate of 5.75%. The Series 2019A Bonds maturing on June 1, 2054, are subject to principal payments beginning June 1, 2028, and on June 1st each year thereafter until and including June 1, 2054, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

SECS is required to make monthly payments of \$42,885 on the 15th of each month to satisfy the above principal and interest payments for both the Series 2019A and 2019B bond obligations, trustee and other miscellaneous fees. The Trustee is authorized to withdraw these amounts from the school's operating account for SECS to be in compliance with the bond obligations.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Annual debt service requirements to maturity for the Series 2019A bond are as follows:

Fiscal Year			
Ended June 30,	Principal	Interest	Total
2024	\$ -	\$ 429,525	\$ 429,525
2025	-	429,525	429,525
2026	-	429,525	429,525
2027	-	429,525	429,525
2028	10,000	429,525	439,525
2029-2033	735,000	2,065,113	2,800,113
2034-2038	975,000	1,827,063	2,802,063
2039-2043	1,280,000	1,513,975	2,793,975
2044-2048	1,695,000	1,101,413	2,796,413
2049-2053	2,245,000	554,013	2,799,013
2054	530,000	15,238	545,238
	\$ 7,470,000	\$ 9,224,440	\$ 16,694,440

The Series 2019B bonds shall be dated as of their date of original issuance, and shall mature on June 1, 2028, and bear interest payable semiannually on June 1st and December 1st of each year, commencing as of December 1, 2019, at the interest rate per annum of 6%.

Annual debt service requirements to maturity for the Series 2019B bond are as follows:

Fiscal Year			
Ended June 30,	Principal	Interest	Total
2024	\$ 40,000	\$ 19,800	\$ 59,800
2025	55,000	17,400	72,400
2026	70,000	14,100	84,100
2027	80,000	9,900	89,900
2028	85,000	5,100	90,100
	\$ 330,000	\$ 66,300	\$ 396,300

NOTE 9 – 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 \$ 56,065 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – RISK MANAGEMENT

SECS 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. SECS purchases commercial insurance for all material risks of loss to which SECS 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.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that certain prior year interfund transfers totaling \$716,298 were incorrectly recorded as due from instead of transfer out in the General Fund and due to other fund instead of Transfer In in the Debt Service Fund. To correct this error, the beginning fund balance of the General Fund of \$1,361,504, as originally reported, has been decreased to \$645,206, and the fund balance of the Debt Service Fund of \$(132,743), as originally reported, has been increased to \$583,555.

REQUIRED SUPPLEMENTARY INFORMATION

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
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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		
REVENUES				
State passed through local school district	\$ 2,194,165	\$ 2,194,165	\$ 1,796,390	\$ 397,775
Interest income	-	-	137,751	(137,751)
Other revenue	203,490	203,490	145,593	57,897
Total revenues	2,397,655	2,397,655	2,079,734	317,921
EXPENDITURES				
Instruction	1,116,674	1,116,674	1,051,840	64,834
Pupil personnel services	65,723	65,723	43,174	22,549
Instructional staff training	-	-	3,405	(3,405)
Instructional related technology	22,888	22,888	14,039	8,849
Board expenses	20,279	20,279	17,104	3,175
School administration	597,533	597,533	554,647	42,886
Fiscal services	78,215	78,215	67,874	10,341
Operation of plant	267,410	267,410	263,900	3,510
Maintenance of plant	26,160	26,160	26,487	(327)
Community services	32,272	32,272	24,188	8,084
Capital Outlay	5,361	5,361	29,111	(23,750)
Total expenditures	2,263,053	2,263,053	2,095,769	167,284
Excess (deficit) of revenues over (under) expenditures	134,602	134,602	(16,035)	150,637
TOTAL OTHER FINANCING USES				
Transfers out	(369,504)	(369,504)	(360,916)	(8,588)
Total other financing uses	(369,504)	(369,504)	(360,916)	(8,588)
Net Change in Fund Balance	<u>\$ (234,902)</u>	<u>\$ (234,902)</u>	(376,951)	<u>\$ (142,049)</u>
Fund Balance - beginning			1,361,504	
Prior period adjustment (See Note 11)			(716,298)	
Fund balances - beginning as restated			645,206	
Fund Balance - ending			<u>\$ 268,255</u>	

See notes to budgetary comparison schedule.

SUNSHINE ELEMENTARY CHARTER SCHOOL, INC.
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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		
REVENUES				
Federal passed through local school district	\$ 388,121	\$ 388,121	\$ 556,275	\$ (168,154)
State passed through local school district	-	-	4,088	(4,088)
Total revenues	388,121	388,121	560,363	(172,242)
EXPENDITURES				
Instruction	151,910	151,910	237,732	(85,822)
Pupil personnel services	3,747	3,747	53,000	(49,253)
Instruction and curriculum development services	27,720	27,720	28,270	(550)
Instructional related technology	-	-	5,229	(5,229)
School administration	-	-	9,815	(9,815)
Food services	220,199	220,199	192,659	27,540
Operation of plant	-	-	958	(958)
Capital Outlay	-	-	30,063	(30,063)
Total expenditures	403,576	403,576	557,726	(154,150)
Excess (deficit) of revenues over (under) expenditures	(15,455)	(15,455)	2,637	(18,092)
TOTAL OTHER FINANCING USES				
Transfers in	-	-	(4,843)	4,843
Total other financing uses	-	-	(4,843)	4,843
Net Change in Fund Balance	<u>\$ (15,455)</u>	<u>\$ (15,455)</u>	(2,206)	<u>\$ 13,249</u>
Fund Balance - beginning			36,145	
Fund Balance - ending			<u>\$ 33,939</u>	

See notes to budgetary comparison schedule.

SUNSHINE ELEMENTARY CHARTER SCHOOL, 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

SECS 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.

COMPLIANCE SECTION



**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
Sunshine Elementary Charter School, 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 Sunshine Elementary Charter School, Inc. (SECS), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SECS'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 SECS'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 SECS's internal control. Accordingly, we do not express an opinion on the effectiveness of SECS'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 SECS'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 SECS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SECS'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
Sunshine Elementary Charter School, Inc.
Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of Sunshine Elementary Charter School, Inc. (SECS), 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 Sunshine Elementary Charter School, 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 SECS 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 SECS 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 SECS'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 SECS maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that SECS 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, SECS'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