

AVANT GARDE ACADEMY OF BROWARD
HOLLYWOOD, FLORIDA
(A CHARTER SCHOOL UNDER AVANT GARDE
ACADEMY FOUNDATION, INC.)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2024

AVANT GARDE ACADEMY OF BROWARD
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2024

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AVANT GARDE ACADEMY OF BROWARD
(A Charter School under Avant Garde Academy Foundation, Inc.)

2025 McKinley St.
Hollywood, FL 33020
(754) 816-6153

2023-2024

BOARD OF DIRECTORS

Ms. Maria Diaz Kremer, Chair
Mr. Mark Riedmiller, Treasurer
Mr. Marc Spiegelman, Secretary
Mr. Ron Legler, Member
Mr. Marcelo Bianchi, Member

SCHOOL ADMINISTRATION

Ms. Arlene Valdes, Principal
Ms. Samantha Walker, Operations Director



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Avant Garde Academy of Broward
Hollywood, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avant Garde Academy of Broward (the "School"), a department of Avant Garde Academy Foundation Inc., and a component unit of the School District of Broward County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Avant Garde Academy of Broward, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2024, and the respective changes in financial position or the year then ended, and is not intended to be a complete presentation of Avant Garde Academy Foundation Inc. These financial statements do not purport to and do not present fairly the financial position of Avant Garde Academy Foundation Inc. as of June 30, 2024 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 18, 2024 on our consideration of the Academy’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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Academy’s internal control over financial reporting and compliance.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2024

Management’s Discussion and Analysis
Avant Garde Academy of Broward
June 30, 2024

As management of Avant Garde Academy of Broward (the “School”), a Department of Avant Garde Academy Foundation, Inc. and a component unit of the School Board of Broward County, Florida (the “School Board”), we offer readers of the School’s basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2024 and certain comparative information for 2023.

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

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2024 by \$986,505 (net position).
2. At year-end, the School had current assets of \$1,210,273.
3. The School’s fund balance at the end of the year is \$704,318.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

Prior to the start of the School’s fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School’s governmental funds to demonstrate compliance with the School’s budget. The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school’s financial position. A summary of the School’s net position as of June 30, 2024 and 2023 follows:

	2024	2023
Assets		
Cash and cash equivalents	\$ 190,993	\$ 432,793
Due from government agencies	1,019,280	457,252
Capital and right-of-use assets, net	22,851,862	22,469,524
Total Assets	<u>\$ 24,062,135</u>	<u>\$ 23,359,569</u>
Liabilities and Net Position		
Accounts payable and accrued expenses	\$ 5,955	\$ -
Due to related party	500,000	-
Right-of-use assets, current and non-current portion	22,569,675	22,781,412
Total Liabilities	23,075,630	22,781,412
Net investment in capital assets and right-of-use assets	282,187	(311,888)
Unrestricted	704,318	890,045
Total Net Position	<u>986,505</u>	<u>578,157</u>
Total Liabilities and Net Position	<u>\$ 24,062,135</u>	<u>\$ 23,359,569</u>

At June 30, 2024, the School’s total assets were \$24,062,135 and total liabilities were \$23,075,630. At June 30, 2024, the School reported total net position of \$986,505.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and 2023 follows:

REVENUES	<u>2024</u>	<u>2023</u>
State sources:		
Categorical programs and other	\$ 10,351,370	\$ 8,170,410
Capital outlay funding	639,710	574,839
Federal passed through state	2,130,691	1,341,574
Local and other revenue	316,057	1,024,086
Total Revenues	<u>13,437,828</u>	<u>11,110,909</u>
 EXPENSES		
Instruction	5,995,869	5,609,807
Student and instructional support services	115,060	8,540
General administration	92,865	90,371
School administration	878,921	728,022
Board services	27,386	19,193
Fiscal services	1,164,290	975,958
Food services	637,791	368,504
Central services	5,320	648
Pupil transportation services	245,350	195,875
Operation of plant	762,371	611,008
Maintenance of plant	316,323	243,362
Facilities acquisition & construction	581,517	585,002
Community services	626,423	317,452
Interest expense	1,579,994	1,127,630
Total Expenses	<u>\$ 13,029,480</u>	<u>\$ 10,881,372</u>
 Change in Net Position	408,348	229,537
 Net Position at Beginning of Year	<u>578,157</u>	<u>348,620</u>
Net Position at End of Year	<u>\$ 986,505</u>	<u>\$ 578,157</u>

The School's total revenues for the year ended June 30, 2024 were \$13,437,828 while its total expenses were \$13,029,480 for a net increase of \$408,348. There was a significant increase in school revenue through state sources and federal sources.

ACCOMPLISHMENTS

The School's accountability report card showed an increase in our student performance scores in all core areas resulting in the school receiving a letter grade of an A. The School has a 100% Graduation Rate and 100% College Acceptance Rate. For the first time since 2019/20, the School was not identified for support. Last year, despite an increase to a B grade, the School was still required to write a School Improvement Plan due to the ESE subgroup performing below the federal index. The ESE subgroup not only exceeded the federal index (41%) but also outperformed the district and state in math, ELA, and science. Overall, their performance improved from 22% to 45%.

Charter renewal was completed and submitted in October. The School was granted a 15 year renewal. Lighthouse recertification was also successfully completed in October 2023. John Flokstra, Director of LIM Studios, recorded a video that will highlight our K-12 LIM implementation to be shared with schools worldwide. Every year, the School continues to expand their partnerships (Amazon, Microsoft Teals, Memorial Healthcare, FIU, BCC, NBA Cares, Miami Dolphins, Leader in Me). This year, the School added the International School Association (ISA). The School was recognized with AP Honor Roll distinction. Three students were recognized as College Board National Recognition Program Awardees. Four students are being recognized by Broward County for Outstanding Leadership. The School's tradition has been to ask the students to invite the teacher that has influenced them the most as leaders. This year's teachers were Mr. Murphy, Dr. Urbay, Mrs. Noriega, and Mrs. Millard. The School had their first candidates for Silver Knights. Two staff members were selected as Honorable Mention for 2024 No Place for Hate Changemaker Leadership Award. Mr. Manley and one student were nominated for Broward County's Kids and Staff of Character. The class of 2024 doubled the class of 2023 total scholarship monies earned.

SCHOOL LOCATION

The School currently operates in the Broward area located at 2025 McKinley St. Hollywood, FL 33020.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds reported a combined fund balance of \$704,318 and an increase in fund balance of \$213,643 for the year ended June 30, 2024.

CAPITAL ASSETS AND RIGHT-OF-USE

The School's investment in capital assets and right-of-use assets, as of June 30, 2024, amounts to \$22,851,862 (net of accumulated depreciation and amortization). This investment in capital assets includes facility leases, leasehold improvements, and furniture, fixtures and equipment.

GOVERNMENTAL FUND BUDGET ANALYSIS

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State sources:			
Categorical programs and other	\$ 9,487,691	\$ 9,487,691	\$ 10,351,370
Capital outlay funding	-	-	639,710
Federal passed through state	792,163	792,163	2,130,691
Local and other revenue	392,200	392,200	715,427
TOTAL REVENUES	\$10,672,054	\$10,672,054	\$ 13,837,198
EXPENDITURES			
Current:			
Instruction	\$ 5,782,693	\$ 5,782,693	\$ 5,492,148
Student and instructional support services	131,141	131,141	115,060
General administration	-	-	92,865
School administration	937,120	937,120	878,921
Board services	17,698	17,698	27,386
Fiscal services	1,020,007	1,020,007	1,164,290
Food services	500,000	500,000	637,791
Central services	-	-	5,320
Pupil transportation services	362,208	362,208	245,350
Operation of plant	573,119	573,119	762,371
Maintenance of plant	252,215	252,215	316,323
Administrative technology services	23,181	23,181	-
Community services	38,851	38,851	626,423
Capital Outlay:			
Other capital outlay	-	-	1,467,576
Debt Service:			
Redemption of principal	1,654,183	1,654,183	211,737
Interest	-	-	1,579,994
TOTAL EXPENDITURES	\$11,292,416	\$11,292,416	\$ 13,623,555
Net change in fund balance	<u>\$ (620,362)</u>	<u>\$ (620,362)</u>	<u>\$ 213,643</u>

The School's revenue was higher than budgeted due to an increase in grant funding. The difference in the budgeted decrease in fund balance vs the actual is related to the recording of right-of-use assets and liabilities resulting from changes in facility lease agreements during the year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the School. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Avant Garde Academy of Broward, 2025 McKinley St. Hollywood, FL 33020.

AVANT GARDE ACADEMY OF BROWARD
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 190,993
Due from government agencies	1,019,280
TOTAL CURRENT ASSETS	<u>1,210,273</u>
CAPITAL AND RIGHT-OF-USE ASSETS, NET	<u>22,851,862</u>
TOTAL ASSETS	<u><u>\$ 24,062,135</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued expenses	\$ 5,955
Due to related party	500,000
Right-of-use liabilities, current	222,405
TOTAL CURRENT LIABILITIES	<u>728,360</u>
Right-of-use liabilities, non-current	<u>22,347,270</u>
TOTAL LIABILITIES	<u>23,075,630</u>
NET POSITION	
Net investment in capital assets and right-of-use assets, net of related debt	282,187
Unrestricted	704,318
TOTAL NET POSITION	<u>986,505</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 24,062,135</u></u>

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

**AVANT GARDE ACADEMY OF BROWARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions	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	\$ 5,995,869	\$ -	\$ 1,333,969	\$ -	\$ (4,661,900)
Student and instructional support services	115,060	-	-	-	(115,060)
General administration	92,865	-	-	-	(92,865)
School administration	878,921	-	81,417	-	(797,504)
Board services	27,386	-	-	-	(27,386)
Fiscal services	1,164,290	-	-	-	(1,164,290)
Food services	637,791	-	715,305	-	77,514
Central services	5,320	-	-	-	(5,320)
Pupil transportation services	245,350	-	-	-	(245,350)
Operation of plant	762,371	-	-	639,710	(122,661)
Maintenance of plant	316,323	-	-	-	(316,323)
Facilities acquisition & construction	581,517	-	-	-	(581,517)
Community services	626,423	-	-	-	(626,423)
Interest expense	1,579,994	-	-	-	(1,579,994)
Total Governmental Activities	\$ 13,029,480	\$ -	\$ 2,130,691	\$ 639,710	\$ (10,259,079)

GENERAL REVENUES:

Government grants not restricted to specific programs	10,351,370
Local and other revenue	316,057
Total general revenues	<u>10,667,427</u>

Change in Net Position 408,348

NET POSITION - BEGINNING 578,157

NET POSITION - ENDING \$ 986,505

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

**AVANT GARDE ACADEMY OF BROWARD
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 113,479	\$ 77,514	\$ -	\$ 190,993
Due from government agencies	785,488	233,792	-	1,019,280
Due from fund	233,792	-	-	233,792
TOTAL ASSETS	<u>\$1,132,759</u>	<u>\$ 311,306</u>	<u>\$ -</u>	<u>\$ 1,444,065</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 5,955	\$ -	\$ -	\$ 5,955
Due to related party	500,000	-	-	500,000
Due to fund	-	233,792	-	233,792
TOTAL LIABILITIES	<u>505,955</u>	<u>233,792</u>	<u>-</u>	<u>739,747</u>
FUND BALANCE				
Unassigned	626,804	-	-	626,804
Restricted	-	77,514	-	77,514
TOTAL FUND BALANCE	<u>626,804</u>	<u>77,514</u>	<u>-</u>	<u>704,318</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,132,759</u>	<u>\$ 311,306</u>	<u>\$ -</u>	<u>\$ 1,444,065</u>

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

AVANT GARDE ACADEMY OF BROWARD
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2024

Total Fund Balance - Governmental Funds	\$	704,318
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Capital assets	2,524,601
Accumulated depreciation	(1,120,073)

Right-of-use assets and liabilities used in governmental activities are not financial resources or obligation and therefore not reported.

Right-of-use asset	21,447,334
Right-of-use liability	(22,569,675)

Total Net Position - Governmental Activities	\$	<u>986,505</u>
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The accompanying notes are an integral part of this financial statement.

AVANT GARDE ACADEMY OF BROWARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
State sources:				
Categorical programs and other	\$ 10,351,370	\$ -	\$ -	\$ 10,351,370
Capital outlay funding	-	-	639,710	639,710
Federal passed through state	-	2,130,691	-	2,130,691
Local and other revenue	316,057	399,370	-	715,427
TOTAL REVENUES	10,667,427	2,530,061	639,710	13,837,198
EXPENDITURES				
Current:				
Instruction	4,158,179	1,333,969	-	5,492,148
Student and instructional support services	115,060	-	-	115,060
General administration	92,865	-	-	92,865
School administration	797,504	81,417	-	878,921
Board services	27,386	-	-	27,386
Fiscal services	1,164,290	-	-	1,164,290
Food services	-	637,791	-	637,791
Central services	5,320	-	-	5,320
Pupil transportation services	245,350	-	-	245,350
Operation of plant	122,661	-	639,710	762,371
Maintenance of plant	316,323	-	-	316,323
Community services	626,423	-	-	626,423
Capital Outlay:				
Other capital outlay	1,467,576	-	-	1,467,576
Debt Service:				
Redemption of principal	211,737	-	-	211,737
Interest	1,579,994	-	-	1,579,994
TOTAL EXPENDITURES	10,930,668	2,053,177	639,710	13,623,555
NET CHANGE IN FUND BALANCE	(263,241)	476,884	-	213,643
Fund balance at beginning of year	890,045	(399,370)	-	490,675
Fund balance at end of year	<u>\$ 626,804</u>	<u>\$ 77,514</u>	<u>\$ -</u>	<u>\$ 704,318</u>

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

**AVANT GARDE ACADEMY OF BROWARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Change in Fund Balance - Governmental Funds \$ 213,643

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	1,467,576
Depreciation expense	(504,926)

In the statement of activities, amortization of the right-of-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense.

Debt principle	211,737
Amortization of right-of-use assets	(580,312)

Unavailable revenue in the governmental fund balance sheet not on government-wide financial statements.	(399,370)
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Change in Net Position of Governmental Activities	\$ 408,348
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The accompanying notes are an integral part of this financial statement.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Avant Garde Academy of Broward (the “School”), a Department of Avant Garde Academy Foundation, Inc. (the “Foundation”) and a component unit of the School Board of Broward County, Florida, was established in 2015 as a public charter school to serve students from kindergarten to fifth grade in Broward County. The Foundation is a Florida nonprofit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. The basic financial statements do not purport to, and do not, present fairly the financial position of Avant Garde Academy Foundation, Inc. as of June 30, 2024, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

The general operating authority of the School is contained in Section 1002.33, of the Florida Statutes. The Charter School operates under a charter of the sponsoring school district, The School Board of Broward County, Florida (the "District"). The current charter is effective until June 30, 2025 and may be renewed for such duration as may be established by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Broward County.

These financial statements are for the year ended June 30, 2024, when approximately 1,038 students were enrolled in grades 6-12.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources used that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*.” On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of longterm debt and acquisitions under capital leases are reported as other financing sources.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

Cash and Cash Equivalents

The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Prepaid Items

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

Due To and Due From Other Funds

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

Due From Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources.

Revenue Recognition

Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a pro rata basis over the ten-month period the School is in session and is adjusted for changes in fulltime equivalent (FTE) student population.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the component unit financial statements. Property, plant, and equipment with initial individual costs that equal or exceed \$750 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Property, plant, and equipment are depreciated using the straight-line method over the following estimated lives:

Furniture, fixtures and equipment	3-5 years
Books	3 years
Computer equipment	3 years
Improvements other than building	5 years

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

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Full time employees of the School, on a 10 or 11-month schedule accrue 1 day of paid time off (PTO) per month, for a total of 10 days per year. Employees on a 12-month schedule accrue 1.25 days of PTO per month, totaling 15 days per year. These PTO accruals apply throughout the employment period.

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

Deferred Outflows/Inflows of Resources

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

Government-wide Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets and right-of-use assets, net of related debt – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2024, was \$282,187.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2024 was \$0.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2024, the School’s nonspendable fund balance was \$0.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2024, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2024, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2024, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2024, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Broward County (the “School Board”) pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in the Florida Statutes. For the fiscal year ended June 30, 2024, the School reported 234.02 unweighted FTE and 244.0104 weighted FTE.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources (Continued)

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.035, Florida Statutes, and Rule SA-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until completion of an FTE audit:

- Attendance and membership documentation
- Teacher certificates and other certification documentation
- Documentation for instructors teaching out-of-field
- Procedural safeguards for weighted programs
- Evaluation and planning documents for weighted programs

The School may receive federal or state awards for the enhancement of various education programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

A schedule of revenue sources for the current year is presented in a subsequent note. See Note 9.

Income Taxes

The School is a division of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

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

Budget

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 18, 2024, which is the date the financial statements were available to be issued.

AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 – CAPITAL ASSETS AND RIGHT-OF-USE ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets				
Furniture, fixtures and equipment	\$ 96,275	\$ 25,115	\$ -	\$ 121,390
Books	646,938	388,627	-	1,035,565
Computer equipment	307,788	372,154	-	679,942
Improvements other than building	6,024	-	-	6,024
Motor vehicle	-	681,680	-	681,680
Total capital assets	<u>1,057,025</u>	<u>1,467,576</u>	<u>-</u>	<u>2,524,601</u>
Less: accumulated depreciation				
Furniture, fixtures and equipment	(65,322)	(19,608)	-	(84,930)
Books	(277,498)	(279,053)	-	(556,551)
Computer equipment	(269,315)	(125,630)	-	(394,945)
Improvements other than building	(3,012)	(1,205)	-	(4,217)
Motor vehicle	-	(79,430)	-	(79,430)
Total accumulated depreciation	<u>(615,147)</u>	<u>(504,926)</u>	<u>-</u>	<u>(1,120,073)</u>
Capital assets, net	<u>\$ 441,878</u>	<u>\$ 962,650</u>	<u>\$ -</u>	<u>\$ 1,404,528</u>

Depreciation for the year ended June 30, 2024 totaled \$504,926, of which \$503,721 was allocated to the instruction and \$1,205 was allocated to facilities acquisition and construction.

The following schedule provides changes in right-of-use assets:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Right-of-use asset - facilities	\$ 23,349,316	\$ -	\$ -	\$ 23,349,316
Total right-of-use asset - facilities	<u>23,349,316</u>	<u>-</u>	<u>-</u>	<u>23,349,316</u>
Less: accumulated amortization				
Right-of-use assets - facilities	(1,321,670)	(580,312)	-	(1,901,982)
Total accumulated amortization	<u>(1,321,670)</u>	<u>(580,312)</u>	<u>-</u>	<u>(1,901,982)</u>
Right-of-use assets, net	<u>\$ 22,027,646</u>	<u>\$ (580,312)</u>	<u>\$ -</u>	<u>\$ 21,447,334</u>

Amortization expense for the year ended June 30, 2024 was \$580,312, which was allocated to the facilities acquisition and construction.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 4 – MANAGEMENT STRUCTURE

All policy decisions, including the annual budget, are formulated by the Avant Garde Academy Foundation Inc. Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain, and discharge the duties of the School to include adopting budgets; enter into contracts; adopt, publish, promulgate, and enforce rules and regulations; employ, on behalf of the School, managers, independent contractors, and any other employees deemed necessary; and acquire, sell, operate, lease, manage, and otherwise trade and deal with property, real and personal.

NOTE 5 – DUE FROM GOVERNMENT AGENCIES

Due from government agencies at June 30, 2024 consists of District funding through a voter-approved referendum within Broward County. The District did not share the funding with the charter schools operating within the District’s jurisdiction. The District has entered into a formal agreement with the charter schools to repay the withheld referendum funds over a period of three years. As per the agreement, the funds are no longer subject to restrictions on the use of the funds, as long as they are spent for lawful purpose under Florida Statutes. Under this agreement, the District will make three yearly installment payments to the School consisting of both principal and interest. Due to uncertainty regarding the collectability of the funds, management has elected to only record funds to the extent they have been received, including funds received subsequent to year-end through the date these financial statements were issued. As such, the School has only recorded that portion as a receivable. The total outstanding amount due to the School as of June 30, 2024 is \$745,055 and is included within due from other agencies in the accompanying financial statements.

At June 30, 2024, the remaining balance of due from government agencies is comprised largely of amounts due from the District for Elementary and Secondary Emergency Relief (ESSER).

NOTE 6 – RIGHT-OF-USE LIABILITY

Leases

The School and Avant Garde Academy K-5 Broward (“K-5”) (Note 7) previously entered into a lease for the rental of the facility through June 2041. The total monthly payment amounts to approximately \$240,000, of which approximately \$111,000 is the monthly payment for the School and includes imputed interest at 4.927%. As a result of the implementation of GASB 87, Leases, it was determined that the School will most likely exercise four renewal options contained in the lease, which will extend the lease from June 2041 to June 2061. At June 30, 2024, the outstanding balance of this lease amounted to \$22,569,675.

	<u>Balance at July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2024</u>
Right-to-use liability	\$ 22,781,412	\$ -	\$ (211,737)	\$ 22,569,675
	<u>\$ 22,781,412</u>	<u>\$ -</u>	<u>\$ (211,737)</u>	<u>\$ 22,569,675</u>

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6 – RIGHT-OF-USE LIABILITY (CONTINUED)

Leases (Continued)

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

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 222,405	\$ 1,106,800	\$ 1,329,205
2026	233,611	1,095,592	1,329,203
2027	245,382	1,083,823	1,329,205
2028	257,746	1,071,458	1,329,204
2029-2032	1,167,567	4,149,248	5,316,815
2033-2037	1,822,461	4,823,558	6,646,019
2038-2042	2,330,268	4,315,749	6,646,017
2043-2047	2,979,571	3,666,452	6,646,023
2048-2052	3,809,794	2,836,230	6,646,024
2053-2057	4,871,349	1,774,670	6,646,019
2058-2061	4,629,521	459,771	5,089,292
Total	<u>\$ 22,569,675</u>	<u>\$ 26,383,351</u>	<u>\$ 48,953,026</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The School shares the same physical location with K-5 (Note 6), as they share common board membership and are departments of the Foundation. The schools share common expenditures, of which have been allocated between the Schools based on student enrollment. As a result, at June 30, 2024, the School had a balance due to K-5 of \$500,000.

NOTE 8 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks. As of June 30, 2024, the School’s deposits consisted of cash balances of \$190,993. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. At times, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2024, the School did not have bank balances in excess of FDIC coverage.

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

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 9 – FEDERAL, STATE AND LOCAL REVENUE SOURCES

The following is a schedule of the School's Federal, State and Local revenues for the year ended June 30, 2024.

<u>Sources</u>	<u>Amount</u>
State:	
Florida Education Finance Program	\$ 5,901,313
Categorical Education Programs:	
Class size reduction	1,030,442
Supplementary academic instruction	233,747
Safe school	95,631
Transportation	119,126
ESE guaranteed allocation	175,454
Mileage compression	6,922
Capital outlay	639,710
Referendum	1,985,183
Discretionary local efforts	803,552
Total State Revenues	<u>10,991,080</u>
Federal:	
Elementary and Secondary School Emergency Relief Fund	<u>2,130,691</u>
Total Federal Revenues	<u>2,130,691</u>
Local and other revenue	<u>715,427</u>
Total Local Revenues	<u>715,427</u>
Total State, Federal and Local Revenues	<u>\$ 13,837,198</u>

As provided in the charter school contract, the District has charged the School an administrative fee on the total funding of \$92,865, which is reflected in general administrative expenditures in the accompanying statement of activities and statement of revenues, expenditures, and changes in fund balance-governmental fund.

NOTE 10 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance including, but not limited to, general liability and errors and omissions insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 11 – OPERATING AGREEMENT

The School entered into a contract for the period July 1, 2020 to June 30, 2035 with Leading Bright Scholars, Inc. ("LBS"). The contract calls for LBS to provide the School with general management of the day-to-day educational and operational aspects of the School. LBS subcontracts with Alliance Education Services, Inc. ("Alliance") for the provision of related services. An annual fee of 11% of the total revenues is paid in monthly installments. LBS and Alliance each received 5.5% of the annual fee. The total amount incurred during the year ended June 30, 2024, relating to these contracts were approximately \$1,160,000.

**AVANT GARDE ACADEMY OF BROWARD
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Legal Matters

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

Funding Concentrations

The School receives substantially all of its support and revenue from the federal, state, and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

NOTE 13 – DEFINED CONTRIBUTION RETIREMENT PLAN

The School participates in a defined contribution tax sheltered annuity 403(b) plan for participating employees. Contributions made by the School totaled approximately \$116,000 for the year ended June 30, 2024, which were computed at 3% of employee compensation for each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

NOTE 14 – PROFESSIONAL SERVICES CONTRACT

The School entered into an agreement with Building Hope Services to provide accounting services to the School. The contract, renewable annually, calls for an annual fee of \$100 per student, payable in monthly installments. For the year ended June 30, 2024, the School incurred fees related to this agreement of approximately \$58,000.

REQUIRED SUPPLEMENTAL INFORMATION

**AVANT GARDE ACADEMY OF BROWARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State sources:			
Categorical programs and other	\$ 9,487,691	\$ 9,487,691	\$ 10,351,370
Local and other revenue	392,200	392,200	316,057
TOTAL REVENUES	\$ 9,879,891	\$ 9,879,891	\$ 10,667,427
EXPENDITURES			
Instruction	\$ 5,490,530	\$ 5,490,530	\$ 4,158,179
Student and instructional support services	131,141	131,141	115,060
General administration	-	-	92,865
School administration	937,120	937,120	797,504
Board services	17,698	17,698	27,386
Fiscal services	1,020,007	1,020,007	1,164,290
Central services	-	-	5,320
Pupil transportation services	362,208	362,208	245,350
Operation of plant	573,119	573,119	122,661
Maintenance of plant	252,215	252,215	316,323
Administrative technology services	23,181	23,181	-
Community services	38,851	38,851	626,423
Capital Outlay:			
Other capital outlay	-	-	1,467,576
Debt Service:			
Redemption of principal	924,937	924,937	211,737
Interest	-	-	1,579,994
TOTAL EXPENDITURES	9,771,007	9,771,007	10,930,668
NET CHANGE IN FUND BALANCE	\$ 108,884	\$ 108,884	\$ (263,241)

See accompanying note to the required supplemental information.

**AVANT GARDE ACADEMY OF BROWARD
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Special Revenue Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
State sources:			
Federal passed through state	\$ 792,163	\$ 792,163	\$ 2,130,691
Local and other revenue	-	-	399,370
TOTAL REVENUE	<u>\$ 792,163</u>	<u>\$ 792,163</u>	<u>\$ 2,530,061</u>
EXPENDITURES			
Current:			
Instruction	\$ 292,163	\$ 292,163	\$ 1,333,969
School administration	-	-	81,417
Food services	500,000	500,000	637,791
Capital Outlay:			
Debt Service:			
Redemption of principal	729,246	729,246	-
TOTAL EXPENDITURES	<u>1,521,409</u>	<u>1,521,409</u>	<u>2,053,177</u>
NET CHANGE IN FUND BALANCE	<u>\$ (729,246)</u>	<u>\$ (729,246)</u>	<u>\$ 476,884</u>

See accompanying note to the required supplemental information.

**AVANT GARDE ACADEMY OF BROWARD
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2024, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



Verdeja • Alvarez

Certified Public Accountants & Advisors



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Lisset I. Cascudo, C.P.A.

Michelle del Sol, C.F.E., C.P.A.

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Javier Verdeja, C.P.A.

Octavio A. Verdeja, C.P.A.

Octavio "Tab" Verdeja, C.F.F., C.P.A.

Octavio F. Verdeja, Founder - 1971

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

Armando Aburto, C.P.A.

Jorge Albeirus, C.P.A.

Viviana Bruno, C.P.A.

Pedro L. Silva, C.P.A.

Michael Vildosola, C.P.A.

Board of Directors of
Avant Garde Academy of Broward
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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2024



MANAGEMENT LETTER

Board of Directors of
Avant Garde Academy of Broward
Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of Avant Garde Academy of Broward (the "School"), a charter school under Avant Garde Academy Foundation, Inc., as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 18, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 18, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial 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 to be disclosed in this management letter. The official title and the school code of the entity assigned by the Florida Department of Education of the entity is Avant Garde Academy of Broward and 065791.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financials condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note 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, applicable management, and the School Board of Broward County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2024