



The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A Charter School under The Charter Schools of Excellence, Inc.
and a Component Unit of The School Board of Broward County, Florida)

Fort Lauderdale, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2025

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The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

W/L #: 5031

1217 Southeast 3rd Avenue,
Fort Lauderdale, Florida 33316

2024-2025

BOARD OF DIRECTORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
Fort Lauderdale, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale (the "School"), a charter school under The Charter Schools of Excellence, Inc., which is a component unit of the District School Board of Broward County, as of, and for the year ended June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 Charter Schools of Excellence, Inc. #5031 Fort Lauderdale'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.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus that is attributable to the transactions of the School and is not intended to be a complete presentation of The Charter Schools of Excellence, Inc. These financial statements do not purport to, and do not, present fairly the financial position of The Charter Schools of Excellence, Inc. as of June 30, 2025 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of a Matter – Charter School Consolidation

As described in Note 1 and Note 13 of the financial statements, the School's operations have been approved to consolidate with those of Charter School of Excellence – Davie 5271 effective July 1, 2025. As a result, the School will no longer present stand-alone financial statements in the future. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules on pages 5-9, 35-36 and 37-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Handwritten signature in blue ink that reads "HLB Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2025

Management's Discussion and Analysis

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A Charter School Under The Charter Schools of Excellence, Inc.)

June 30, 2025

The corporate officers of The Charter Schools of Excellence, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2025.

Financial Highlights

1. The net position of the Charter School at June 30, 2025 was a deficit of \$1,108,428.
2. At year-end, the School had current assets on hand of \$541,809.
3. The net position of the School increased by \$27,773 during the year.
4. The unassigned fund balance at year end was \$441,553.

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, 2025 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was a deficit of \$1,108,428 at the close of the fiscal year. A summary of the School's net position as of June 30, 2025 and 2024 follows:

	<u>2025</u>	<u>2024</u>
Cash	\$ 518,137	\$ 443,296
Due from other agencies	5,789	189,210
Prepaid expenses and other current assets	17,883	17,883
Capital and right of use assets, net	<u>158,355</u>	<u>359,032</u>
Total Assets	<u>700,164</u>	<u>1,009,421</u>
Deferred outflows of resources	310,883	325,148
Accounts payable and accrued liabilities	16,036	18,343
Salaries and wages payable	55,312	57,114
Compensated absences	3,624	-
Loans and lease obligations payable	110,864	625,208
Due to Charter School of Excellence, Inc. - Davie Campus	679,701	428,675
Net pension liability	<u>1,018,016</u>	<u>1,032,216</u>
Total Liabilities	<u>1,883,553</u>	<u>2,161,556</u>
Deferred inflows of resources	235,922	309,214
Net Position:		
Net investment in capital assets	47,491	(139,499)
Unrestricted (deficit)	<u>(1,155,919)</u>	<u>(96,702)</u>
Total Net Position	<u>\$ (1,108,428)</u>	<u>\$ (1,136,201)</u>

The unrestricted deficit as of June 30, 2025, is affected by the net deficit in the accounting for pension plan liabilities and deferred outflows and inflows of approximately \$943,000.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2025 and June 30, 2024 follows:

	<u>2025</u>	<u>2024</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 459,423	\$ 491,757
Capital grants and contributions	150,526	148,573
Other revenue	17,308	19,341
General Revenues		
State and local sources	1,639,423	2,125,701
Other revenue	25,414	979
Total Revenues	<u>\$ 2,292,094</u>	<u>\$ 2,786,351</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 843,791	\$ 1,110,847
Student support services	38,562	19,036
Instruction and curriculum development	21,052	29,053
Instructional staff training	2,700	20,621
Board	31,420	29,600
School administration	281,826	390,191
Fiscal services	57,064	25,359
Food services	155,172	176,727
Central services	14,707	19,730
Pupil transportation services	92,342	92,173
Operation of plant	639,271	632,163
Maintenance of plant	25,318	41,726
Administrative technology services	38,311	49,523
Community services	-	67,071
Debt service	22,785	54,660
Total Expenses	<u>2,264,321</u>	<u>2,758,480</u>
Change in Net Position	27,773	27,871
Net Position (Deficit) at Beginning of Year	<u>(1,136,201)</u>	<u>(1,164,072)</u>
Net Position (Deficit) at End of Year	<u>\$ (1,108,428)</u>	<u>\$ (1,136,201)</u>

The School's revenues and expenses increased by \$494,257 and \$494,159, respectively. The School had an increase in its net position of \$27,773 for the year.

School Location and Lease of Facility

For the 2024-2025 year, the School leased a facility located at 1217 Southeast 3rd Avenue, Fort Lauderdale, Florida 33316. Effective July 1, 2025, the School District approved a charter school consolidation with Charter School of Excellence – Davie, consolidating both charter contracts into a single school and charter contract d/b/a Charter School of Excellence – Davie located at 2801 N University Drive, Pembroke Pines, Florida.

Capital Improvement Requirements

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$459,436. The fund balance unassigned and available for spending at the School's discretion is \$441,553. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital and right of use lease assets as of June 30, 2025 amounts to \$158,355 (net of accumulated depreciation and amortization). This investment in capital assets includes right-of-use asset (building), improvements, and furniture, fixtures and equipment. As of June 30, 2025, the School had \$110,864 of debt and long-term liabilities associated to its capital assets.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 246,627	\$ 150,526	\$ 150,526
Federal sources	319,779	459,423	459,423
Charges for services	33,577	28,368	14,354
General Revenues			
State and local sources	2,100,912	1,639,423	1,639,423
Charges and other revenues	-	14,354	28,368
Total Revenues	\$ 2,700,895	\$ 2,292,094	\$ 2,292,094
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 1,195,357	\$ 917,018	\$ 917,018
Student support services	46,800	38,562	38,562
Instruction and curriculum development	20,000	21,052	21,052
Instructional staff training	3,000	2,700	2,700
Board	31,500	31,420	31,420
School administration	257,316	239,381	239,381
Fiscal services	22,913	57,064	57,064
Food services	167,000	155,172	155,172
Central services	21,250	14,707	14,707
Pupil transportation services	105,800	92,342	92,342
Operation of plant	485,675	464,660	464,660
Maintenance of plant	42,900	25,318	25,318
Administrative technology services	51,600	38,311	38,311
Total Current Expenditures	\$ 2,451,111	\$ 2,097,707	\$ 2,097,707

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

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to the Senior Management Team, The Charter Schools of Excellence, Inc., 1225 Southeast 2nd Avenue, Fort Lauderdale, Florida 33316.

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Net Position
June 30, 2025

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 518,137
Due from other agencies, net	5,789
Prepaid expenses and other current assets	17,883
Total current assets	<u>541,809</u>
Capital assets, depreciable	339,693
Less: accumulated depreciation	(286,457)
Right-of-use lease asset	818,591
Less: accumulated amortization	(713,472)
Total capital assets, net	<u>158,355</u>
Total Assets	<u>700,164</u>
 <u>Deferred Outflows of Resources</u>	
Deferred outflows related to pension liability	<u>310,883</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	16,036
Salaries and wages payable	55,312
Compensated balances	3,624
Lease liability, current portion	14,590
Total Current Liabilities	<u>89,562</u>
Net pension liability	1,018,016
Lease liability	96,274
Due to Charter School of Excellence, Inc. - Davie Campus	679,701
Total Liabilities	<u>1,883,553</u>
 <u>Deferred Inflows of Resources</u>	
Deferred inflows related to pension liability	<u>235,922</u>
 Net Position:	
Net investment in capital assets	47,491
Unrestricted (deficit)	<u>(1,155,919)</u>
Total Net Position	<u>\$ (1,108,428)</u>

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Activities

For the year ended June 30, 2025

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	\$ 843,791	\$ -	\$ 341,441	\$ -	\$ (502,350)
Student support services	38,562	-	-	-	(38,562)
Instruction and curriculum developmen	21,052	-	-	-	(21,052)
Instructional staff training	2,700	-	-	-	(2,700)
Board	31,420	-	-	-	(31,420)
School administration	281,826	-	-	-	(281,826)
Fiscal services	57,064	-	-	-	(57,064)
Food services	155,172	3,697	117,982	-	(33,493)
Central services	14,707	-	-	-	(14,707)
Pupil transportation services	92,342	-	-	-	(92,342)
Operation of plant	639,271	-	-	150,526	(488,745)
Maintenance of plant	25,318	-	-	-	(25,318)
Administrative technology services	38,311	-	-	-	(38,311)
Community services	-	13,611	-	-	13,611
Debt service	22,785	-	-	-	(22,785)
Total governmental activities	2,264,321	17,308	459,423	150,526	(1,637,064)
General revenues:					
State and local sources					1,639,423
Other revenues					25,414
Change in net position					27,773
Net position (deficit), beginning					(1,136,201)
Net position (deficit), ending					<u>\$ (1,108,428)</u>

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 510,736	\$ 7,401	\$ 518,137
Due from other agencies	5,789	-	5,789
Prepaid expenses and other current assets	17,883	-	17,883
Total Assets	<u>534,408</u>	<u>7,401</u>	<u>541,809</u>
Deferred Outflows of Resources			
	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>			
Salaries and wages payable	55,312	-	55,312
Accounts payable and accrued expenses	16,036	-	16,036
Compensated balances	3,624	-	3,624
Total Liabilities	<u>74,972</u>	<u>-</u>	<u>74,972</u>
Deferred Inflows of Resources			
	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>			
Nonspendable, not in spendable form	17,883	-	17,883
Assigned	-	7,401	7,401
Unassigned	441,553	-	441,553
	<u>459,436</u>	<u>7,401</u>	<u>466,837</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 534,408</u>	<u>\$ 7,401</u>	<u>\$ 541,809</u>

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 (1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds \$ 466,837

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

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

Capital assets	339,693	
Accumulated depreciation	(286,457)	
Right-of-use lease asset	818,591	
Less: accumulated amortization	<u>(713,472)</u>	158,355

Deferred outflows of resources related to pension liability. 310,883

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

Deferred inflows	(235,922)
Net pension liability	(1,018,016)

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. (790,565)

Total Net Position - Governmental Activities \$ (1,108,428)

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the year ended June 30, 2025

	General Fund	Special Revenue Funds	Capital Project Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 101,830	\$ 101,830
State and local sources	1,426,594	-	-	1,426,594
Local sources	212,829	-	48,696	261,525
Federal sources	-	459,423	-	459,423
Charges for services and other revenue	28,368	14,354	-	42,722
Total Revenues	<u>1,667,791</u>	<u>473,777</u>	<u>150,526</u>	<u>2,292,094</u>
Expenditures:				
Current				
Instruction	812,546	104,472	-	917,018
Student support services	38,562	-	-	38,562
Instruction and curriculum development	21,052	-	-	21,052
Instructional staff training	2,700	-	-	2,700
Board	31,420	-	-	31,420
School administration	239,381	4,314	-	243,695
Food services	-	155,172	-	155,172
Fiscal services	57,064	-	-	57,064
Central services	14,707	-	-	14,707
Pupil transportation services	92,342	-	-	92,342
Operation of plant	464,660	-	-	464,660
Maintenance of plant	25,318	-	-	25,318
Administrative technology services	38,311	-	-	38,311
Capital Outlay:				
Other capital outlay	12,065	-	-	12,065
Debt Service:				
Redemption of Principal	363,818	-	150,526	514,344
Interest	8,195	-	14,590	22,785
Total Expenditures	<u>2,222,141</u>	<u>263,958</u>	<u>165,116</u>	<u>2,651,215</u>
Excess (deficit) of revenues over expenditures	(554,350)	209,819	(14,590)	(359,121)
Other financing sources (uses)				
Transfers in (out)	188,886	(203,476)	14,590	-
Long-term advances from other charter schools	251,026	-	-	251,026
Increase in lease liabilities	-	-	-	-
Net change in fund balance	(114,438)	6,343	-	(108,095)
Fund Balance at beginning of year	<u>573,874</u>	<u>1,058</u>	<u>-</u>	<u>574,932</u>
Fund Balance at end of year	<u>\$ 459,436</u>	<u>\$ 7,401</u>	<u>\$ -</u>	<u>\$ 466,837</u>

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

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

For the year ended June 30, 2025

Net Change in Fund Balance - Governmental Funds \$ (108,095)

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 and amortization expense.

Capital Outlay	12,065	
Depreciation and amortization expense	<u>(212,742)</u>	(200,677)

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

Increases in long-term liabilities	(251,026)
Principal payments on long-term liabilities	514,347

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

73,224

Change in Net Position of Governmental Activities \$ 27,773

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus (the “School”) is a component unit of the School Board of Broward County, Florida (the “District”). The Schools charter is held by The Charter Schools of Excellence, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of The Charter Schools of Excellence, Inc. which is composed of six members and also governs one other charter school. The board has determined that no component units exist that would require inclusion in the School’s financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Broward County, Florida. The current charter expired on June 30, 2025 and effective July 1, 2025 was approved to consolidate with Charter Schools of Excellence – Dave 5271 (see Note 13).

The School is located in Fort Lauderdale, Florida for students from kindergarten through fifth grade. These financial statements are for the year ended June 30, 2025, when on average 164 students were enrolled for the school year.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and compensated absences, which are reported as expenditures when due. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgets and Budgetary Accounting

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts. The School has not adopted a formal deposit policy that limits the School’s allowable deposits and address specific types of risk; however the School maintains deposits in highly rated financial institutions.

Capital Assets

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

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

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

Right-of-use asset (building)	2 – 4 Years
Improvements	5 Years
Furniture, Fixtures and Equipment	5 - 10 Years

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Expenses and Other Current Assets

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

Inter-fund Transfers

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

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School. There is an allowance at year-end of \$378,420.

Compensated Absences

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability that has not been used, generally using an employee's pay rate as of the date of the financial statements.

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

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

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

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

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

Net Pension Liability

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

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

Revenue Sources

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

Net Position and Fund Balance Classification

Government-wide financial statements

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

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

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

Fund financial statements

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

Income Taxes

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

New Accounting Standard Adopted

Effective July 1, 2024, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of this statement did not have a material impact and was applied prospectively. See Note 13.

Effective July 1, 2024, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the School's financial statements. This statement was applied prospectively.

Use of Estimates

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2025, which is the date the financial statements were available to be issued.

Note 2 – Deposits and Credit Risk

Deposits

The School maintains its cash balances in one financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under The Charter Schools of Excellence, Inc., which also operates another charter school. All bank accounts are opened under the account ownership of The Charter Schools of Excellence, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2025, balances in potential excess of FDIC coverage were approximately \$263,000.

Note 3 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2025:

	Balance 07/01/24	Additions / Transfers In	Retirements / Reclassification	Balance 06/30/25
Capital Assets, depreciable:				
Improvements	\$ 121,947	\$ 12,065	\$ -	\$ 134,012
Furniture, equipment and computers	205,681	-	-	205,681
Total Capital Assets	327,628	12,065	-	339,693
Less Accumulated Depreciation:				
Improvements	(70,559)	(11,662)	-	(82,221)
Furniture, equipment and computers	(177,767)	(26,469)	-	(204,236)
Total Accumulated Depreciation	(248,326)	(38,131)	-	(286,457)
Total Capital Assets, being depreciated, net	<u>\$ 79,302</u>	<u>\$ (26,066)</u>	<u>\$ -</u>	<u>\$ 53,236</u>
Lease Assets:				
Right of use lease asset (building)	\$ 818,591	\$ -	\$ -	\$ 818,591
Less accumulated amortization:	(538,861)	(174,611)	-	(713,472)
Total Lease Assets being amortized, net	<u>279,730</u>	<u>(174,611)</u>	<u>-</u>	<u>105,119</u>
Governmental Activities Capital Assets, net	<u>\$ 359,032</u>	<u>\$ (200,677)</u>	<u>\$ -</u>	<u>\$ 158,355</u>

For the fiscal year ended June 30, 2025, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
School administration	\$ 38,131	\$ -
Operation of plant	-	174,611
Total Expense	<u>\$ 38,131</u>	<u>\$ 174,611</u>

Note 4 – Service Provider

Building Hope Services, LLC a professional charter school service provider, provides accounting and finance services, including, but not limited to, maintenance of the books and records, bookkeeping, budgeting, payroll processing, monthly and quarterly and year-end financial reporting.

The agreement between the School and the service provider calls for a fee per full time equivalent (FTE) student per year. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2025, the School incurred approximately \$29,000 in service fees. Building Hope Services is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

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

The Charter Schools of Excellence, Inc. operates one other charter school; The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus. The schools operated by The Charter Schools of Excellence, Inc. share administrative staff, as well as other operating expenses.

As of June 30, 2025, there is \$679,701 in long-term payables to The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus, this payable is non-interest bearing with no specific repayment terms. The following summarizes the changes in long-term payables to The Charter Schools of Excellence, Inc. #5271 Davie 1 Campus during the year.

	<u>Balance</u> <u>07/01/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2025</u>
Due to CSE, Inc. - Davie	\$ 428,675	\$ 251,026	\$ -	\$ 679,701
Total	<u>\$ 428,675</u>	<u>\$ 251,026</u>	<u>\$ -</u>	<u>\$ 679,701</u>

Other

The School conducts certain business with a foundation controlled by the current Superintendent. See Note 7.

The current Superintendent of the School is an officer of the Florida Consortium of Public Charter Schools. From time to time the School conducts business with the Consortium.

The Charter Schools of Excellence, Inc. has entered into a lease for its administrative offices and classrooms with a private foundation whose Board of Directors includes the former Superintendent of the School's Board of Directors. From time to time funds are loaned between the Schools and the Foundation. During the year ended June 30, 2025, approximately \$65,600 was paid to a related party in connection with lease.

Note 6 – Revolving Line of Credit

In November 2020, the School entered into a Promissory Note for a Revolving Line of Credit from a financial institution with a total limit of \$150,000. The line of credit is collateralized by all accounts, equipment and fixtures of the School. The facility bears a variable interest rate as of June 30, 2025, of 11.50% per annum and matured on November 23, 2024. As of June 30, 2025, the outstanding balance on the line was paid off and not renewed.

Note 7 – Long Term Liabilities

Loan Agreement – Building Hope

On February 14, 2023, the School entered into a Promissory Note with Building Hope Finance for a term loan of \$250,000. The Promissory Note is collateralized by all assets of the School. The School shall make interest only payments until July 1, followed by equal monthly installments of principal and interest payments thereafter until maturity date. The loan bears an interest rate of 6.50% and matures on February 14, 2028. As of June 30, 2025, the loan was paid off.

Lease Agreements – Building

The School entered into an amended and restated classroom lease agreement and an office lease agreement for its Fort Lauderdale Campus facilities with an extended lease term expiring on June 30, 2025. The monthly based rent for office and classroom space is \$10,670 to be adjusted annually based on the Consumer Price Index (CPI). The lease was not renewed at year-end.

In addition, the School leases administrative offices from Charter Holdings Foundation, Inc. a private foundation controlled by same Superintendent of the Board of Directors. Effective October 1, 2022, the amended lease was extended up to and through June 30, 2027. Annual minimum rent under the extended lease agreement commencing on April 17, 2023 through April 16, 2027 is \$4,725 a month, to be adjusted annually based on the Consumer Price Index (CPI). See Note 5.

At the time of the initial and remeasurement, the lease right of use asset and liability for the administrative offices was allocated between the School and The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus based on enrollment and usage of facility. There was no interest rate specified in the original lease agreement. The School has used an average effective interest for several borrowings during fiscal year 2021 and 2022. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability. At the time of the Amendment, the average borrowing rate used remained consistent with the initial measurement.

For 2025, variable and other payments of approximately \$47,000 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense. As disclosed in Note 13, effective July 1, 2025, the School will be consolidated with Charter School of Excellence – Davie and will assume the entire lease liability.

Note 7 – Long Term Liabilities (continued)

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

Year	Principal	Interest	Total
2026	\$ 59,459	\$ 4,282	\$ 63,741
2027	51,405	1,258	52,663
	<u>\$ 110,864</u>	<u>\$ 5,540</u>	<u>\$ 116,404</u>

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

	Balance 07/01/2024	Advances	Repayments	Balance 06/30/2025	Interest
Lease liability (building)	\$ 293,275	\$ -	\$ (182,411)	\$ 110,864	\$ 14,590
Notes payable to Building Hope	205,259	-	(205,259)	-	4,578
Line of credit	126,677		(126,677)	-	3,617
Total	<u>\$ 625,211</u>	<u>\$ -</u>	<u>\$ (514,347)</u>	<u>\$ 110,864</u>	<u>\$ 22,785</u>

Note 8 – Contingencies and Concentrations

Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2025, administrative fees withheld by the School District totaled \$66,224.

Legal Contingencies

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

Note 9 – Risk Management

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

Note 10 – Retirement Plans

Reporting Entity

The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (System). The School participates in two defined benefit plans administered by the Division. The Division issues a publicly-available, audited annual comprehensive financial report (ACFR) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. The System's ACFR and the actuarial valuation reports, which provide detailed information about the plans, are available on line at: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

The system's ACFR and actuarial reports may also be obtained by contacting the Division of Retirement at: Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, FL 32315-9000, or call 850-488-5706 or toll free at 877-377-1737

Defined Benefit Pension Plan

Plan Description. The School participates in the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Program. The FRS is a cost-sharing, multiple-employer, defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established to assist retired members of any State-administered retirement system in paying the costs of health insurance and administered in accordance with section 112.363, Florida Statutes.

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Note 10 – Retirement Plans (continued)

The general classes of membership are as follows:

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

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

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

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

The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits. The School had no DROP participant during fiscal 2025.

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

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

Note 10 – Retirement Plans (continued)

Contributions - The contribution rates for members are established, and may be amended, by the State of Florida. During the 2025 fiscal year, contribution rates were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00%	11.51%
DROP Plan Participants	0.00%	19.13%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates include 2.00% for the post employment health insurance supplement and 0.06% for administrative costs of the Public Employee Optional Retirement Program.

Employer contributions are recognized by the FRS in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the FRS. Employer contributions recognized by the FRS from the School were \$75,241 for the FRS and \$15,993 for the HIS for the year ended June 30, 2025.

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

Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The School had twenty nine Investment Plan participants during fiscal 2025.

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

The School reports a liability for its proportionate share of net pension liabilities. Net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of that date. The School's proportions of the net pension liability was based on the School's actuarially determined share of contributions to the pension plans, relative to the contributions of all participating entities.

At June 30, 2025, the School reported a liability of \$1,018,016 for its proportionate share of net pension liability, consisting of \$651,266 for the FRS and \$366,750 for the HIS.

The School's proportion of the net pension liability was calculated using accrued retirement contributions for employers that were members of the FRS and HIS during fiscal years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. See required supplementary information.

Note 10 – Retirement Plans (continued)

At June 30, 2023 and 2024 the School's proportions for FRS were 0.001633669 and 0.001683524 percent respectively; the School's proportions for HIS were 0.240064000 and 0.002444841 percent, respectively.

For the year ended June 30, 2025, the School recognized a net pension expense after GASB 68 adjustments of \$11,862. Employer contributions in the allocated schedules for the defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer. The year-to-year pension expense number is likely to be volatile.

At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Florida Retirement System		
Difference between expected and actual experience	\$ 65,795	\$ -
Changes of assumptions or other inputs	89,262	-
Net difference between projected and actual earnings on pension plan investments	-	43,287
Changes in proportion and differences between contributions recognized and proportionate share of contributions	40,585	78,827
Contributions subsequent to the measurement date	75,241	-
Total Florida Retirement System	<u>\$ 270,883</u>	<u>\$ 122,114</u>
Health Insurance Subsidy Program		
Difference between expected and actual experience	\$ 3,541	\$ 704
Changes of assumptions or other inputs	6,491	43,418
Net difference between projected and actual earnings on pension plan investments	-	133
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13,975	69,553
Contributions subsequent to the measurement date	15,993	-
Total Health Insurance Subsidy Program	<u>\$ 40,000</u>	<u>\$ 113,808</u>

Note 10 – Retirement Plans (continued)

Contributions of \$91,234, consisting of \$75,241 for the FRS and \$15,993 for the HIS, are reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended June 30, 2025.

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

	FRS	HIS	TOTAL
2025	\$ (9,901)	\$ (5,552)	\$ (15,453)
2026	107,556	(6,851)	100,705
2027	7,841	(9,980)	(2,139)
2028	371	(6,978)	(6,607)
2029	5,904	(3,802)	2,102
Thereafter	-	(1,061)	(1,061)
Total	\$ 111,771	\$ (34,224)	\$ 77,547

Actuarial Assumptions and Discount Rate – The total pension liability for FRS and HIS were determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40 percent. Payroll growth for both plans is assumed at 3.50 percent. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93 percent was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2024 for the HIS Program:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

The actuarial assumptions for the FRS Pension Plan that determined the total pension liability as of June 30, 2024 were based on the results of an actuarial experience study for the period June 30, 2018 through June 30, 2023.

Note 10 – Retirement Plans (continued)

Long-Term Expected Rate of Return – The long-term expected rate of return on Pension Plan investment was not based on historical returns, but instead on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to mirror the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The FRS's long-term expected rate of return assumption of 6.7% used in GASB discount rate calculations, on pension plan investments, consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20 percent, which is consistent with the 4.48 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic (Geometric) Return	Compound Annual (Geometric) Return)	Standard Deviation
Cash Equivalents	1.0%	3.30%	3.30%	1.10%
Fixed income	29.0%	5.70%	5.60%	3.90%
Global equity	45.0%	8.60%	7.00%	18.20%
Real estate	12.0%	8.10%	6.80%	16.60%
Private equity	11.0%	12.40%	8.80%	28.40%
Strategic investments	2.0%	6.60%	6.20%	8.70%
Total	100.0%			

Assumed Inflation - Mean	2.40%	1.50%
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Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00 percent higher or 1.00 percent lower than the current discount rate at June 30, 2024.

The Charter Schools of Excellence, Inc.#5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.
Notes to the Basic Financial Statements
June 30, 2025

Note 10 – Retirement Plans (continued)

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School's proportionate share of the			
FRS Net Pension Liability	1,145,554	651,266	237,195
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
HIS Net Pension Liability	417,498	366,750	324,621

Note 11 – Interfund Transfers

Interfund transfers in governmental funds as of June 30, 2025, consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund lunch deficit	\$ (33,493)	\$ 33,493	\$ -
To reimburse the general fund for prior period expenditures	236,969	(236,969)	-
To fund debt service fund for principal and interest payments	(14,590)	-	14,590
Total Transfers, net	\$ 188,886	\$ (203,476)	\$ 14,590

Note 12 – Due from Other Agencies

The following is due from other agencies as of June 30, 2025:

Funding Source	
Due from Broward County Public Schools, referendum	\$ 189,210
Capital Outlay	5,789
Total Due from Other Agencies, current	\$ 194,999
Due from Broward County Public Schools, referendum	189,210
Less: Allowance for doubtful accounts	(378,420)
	\$ 5,789

Pursuant to the approved Secure the Next Generation Referendum, the School will receive funds according to the following installment schedule:

Year	Principal	Interest	Total
2026	\$ 189,210	\$ 23,997	\$ 213,207
2027	189,210	51,037	240,247
Total	\$ 378,420	\$ 75,034	\$ 453,454

Note 13 – Consolidation with Another Charter School

Effective for the 2025-2026 school year, the District approved a charter school consolidation of the School with Charter School of Excellence – Davie consolidating both charter contracts into a single school and charter contract d/b/a Charter School of Excellence – Davie 5271 serving students in grades kindergarten through fifth grade and located at 2801 N University Drive, Pembroke Pines, Florida. The amended charter contract is through June 30, 2028. The following table shows the assets, liabilities and net position of the School that were transferred to Charter School of Excellence – Davie 5271 effective July 1, 2025.

	<u>Carrying Values</u>
Cash	\$ 518,137
Due from other agencies	5,789
Prepaid expenses and other current assets	17,883
Due from other charter schools, long-term	189,210
Capital and right of use assets, net	<u>158,355</u>
Total Assets	<u>889,374</u>
Deferred outflows of resources	310,883
Accounts payable and accrued liabilities	16,036
Salaries and wages payable	55,312
Compensated absences	3,621
Loans and capital lease obligations payable	110,864
Due to Charter School of Excellence, Inc. - Davie Campus	679,701
Net pension liability	<u>1,018,016</u>
Total Liabilities	<u>1,883,550</u>
Deferred inflows of resources	235,922
Net Position of transferred charter operations:	
Net investment in capital assets	47,491
Unrestricted (deficit)	<u>(1,155,919)</u>
Total Net Position	<u>\$ (1,108,428)</u>

REQUIRED SUPPLEMENTARY INFORMATION

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2025

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,713,953	\$ 1,426,594	\$ 1,426,594
Local sources	386,959	212,829	212,829
Charges for services	33,577	28,368	28,368
Total Revenues	<u>2,134,489</u>	<u>1,667,791</u>	<u>1,667,791</u>
EXPENDITURES			
Current:			
Instruction	1,042,578	812,546	812,546
Student support services	46,800	38,562	38,562
Instruction and curriculum development	20,000	21,052	21,052
Instructional staff training	3,000	2,700	2,700
Board	31,500	31,420	31,420
School administration	257,316	239,381	239,381
Fiscal services	22,913	57,064	57,064
Central services	21,250	14,707	14,707
Pupil transportation services	105,800	92,342	92,342
Operation of plant	485,675	464,660	464,660
Maintenance of plant	42,900	25,318	25,318
Administrative technology services	51,600	38,311	38,311
Total Current Expenditures	<u>2,131,332</u>	<u>1,838,063</u>	<u>1,838,063</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>3,157</u>	<u>(170,272)</u>	<u>(170,272)</u>
Debt Service:			
Redemption of Principal	-	-	363,818
Interest expense	-	-	8,195
Other Capital Outlay	-	-	12,065
Total Capital Outlay and Debt Service Expenditures	<u>-</u>	<u>-</u>	<u>384,078</u>
Total Expenditures	<u>2,131,332</u>	<u>1,838,063</u>	<u>2,222,141</u>
Excess (Deficit) of Revenues Over Expenditures	3,157	(170,272)	(554,350)
Other financing sources (uses):			
Transfers in (out)			188,886
Advances from other charter schools	-		251,026
Net change in fund balance	3,157	(170,272)	(114,438)
Fund Balance at beginning of year	<u>573,874</u>	<u>573,874</u>	<u>573,874</u>
Fund Balance at end of year	<u>\$ 577,031</u>	<u>\$ 403,602</u>	<u>\$ 459,436</u>

Notes to Budgetary Comparison Schedule

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2025

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 319,779	\$ 459,423	\$ 459,423
Charges for services and other revenue	-	14,354	14,354
Total Revenues	<u>319,779</u>	<u>473,777</u>	<u>473,777</u>
EXPENDITURES			
Current:			
Instruction	152,779	104,472	104,472
Food services	167,000	155,172	155,172
Total Current Expenditures	<u>319,779</u>	<u>259,644</u>	<u>259,644</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>-</u>	<u>214,133</u>	<u>214,133</u>
Total Expenditures	<u>319,779</u>	<u>259,644</u>	<u>259,644</u>
Excess (Deficit) of Revenues Over Expenditures	-	214,133	214,133
Other financing sources (uses)			
Transfers in (out)	<u>-</u>	<u>(214,133)</u>	<u>(203,476)</u>
Net change in fund balance	-	-	10,657
Fund Balance at beginning of year	<u>1,058</u>	<u>1,058</u>	<u>1,058</u>
Fund Balance at end of year	<u>\$ 1,058</u>	<u>\$ 1,058</u>	<u>\$ 11,715</u>

Notes to Budgetary Comparison Schedule

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

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability (asset)	0.001683524%	0.001633669%	0.001639375%	0.001827955%	0.001530762%	0.002623435%	0.003562926%	0.003658153%	0.003621038%	0.003771338%
School's proportionate share of the net pension liability (asset)	\$ 651,266	\$ 650,965	\$ 609,979	\$ 138,081	\$ 663,455	\$ 903,474	\$ 1,073,172	\$ 1,082,057	\$ 914,315	\$ 487,119
School's covered-employee payroll	\$ 669,360	\$ 1,052,194	\$ 957,372	\$ 917,690	\$ 923,038	\$ 827,996	\$ 1,539,443	\$ 1,548,259	\$ 1,528,339	\$ 1,587,716
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	97.30%	61.87%	63.71%	15.05%	71.88%	109.12%	69.71%	69.89%	59.82%	30.68%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

* The amounts presented for each fiscal year were determined as of 6/30.
There are no factors that have had a significant effect on amounts reported.

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 95,332	\$ 78,590	\$ 69,955	\$ 69,637	\$ 50,860	\$ 81,345	\$ 101,541	\$ 95,231	\$ 88,305	\$ 91,948
Contributions in relation to the contractually required contribution	<u>(95,332)</u>	<u>(78,590)</u>	<u>(69,955)</u>	<u>(69,637)</u>	<u>(50,860)</u>	<u>(81,345)</u>	<u>(101,541)</u>	<u>(95,231)</u>	<u>(88,305)</u>	<u>(91,948)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 669,360	\$ 1,052,194	\$ 957,372	\$ 917,690	\$ 923,038	\$ 827,996	\$ 1,539,443	\$ 1,548,259	\$ 1,528,339	\$ 1,587,716
Contributions as a percentage of covered-employee payroll	14.24%	7.47%	7.31%	7.59%	5.51%	9.82%	6.60%	6.15%	5.78%	5.79%

* The amounts presented for each fiscal year were determined as of 6/30.
There are no factors that have had a significant effect on amounts reported.

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability (asset)	0.002444841%	0.002400640%	0.002449697%	0.002567757%	0.002380766%	0.003546222%	0.004713312%	0.004857294%	0.004950752%	0.005233433%
School's proportionate share of the net pension liability (asset)	\$ 366,750	\$ 381,254	\$ 259,462	\$ 319,974	\$ 290,688	\$ 396,787	\$ 498,862	\$ 519,364	\$ 576,990	\$ 533,728
School's covered-employee payroll	\$ 669,360	\$ 1,052,194	\$ 957,372	\$ 917,690	\$ 923,038	\$ 827,996	\$ 1,539,443	\$ 1,548,259	\$ 1,528,339	\$ 1,587,716
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.79%	36.23%	27.10%	34.87%	31.49%	47.92%	32.41%	33.55%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

* The amounts presented for each fiscal year were determined as of 6/30.
There are no factors that have had a significant effect on amounts reported.

The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
(A charter school under The Charter Schools of Excellence, Inc.)

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 20,699	\$ 15,792	\$ 14,823	\$ 15,093	\$ 13,719	\$ 19,692	\$ 25,560	\$ 25,706	\$ 25,376	\$ 20,005
Contributions in relation to the contractually required contribution	(20,699)	(15,792)	(14,823)	(15,093)	(13,719)	(19,692)	(25,560)	(25,706)	(25,376)	(20,005)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 669,360	\$ 1,052,194	\$ 957,372	\$ 917,690	\$ 923,038	\$ 827,996	\$ 1,539,443	\$ 1,548,259	\$ 1,528,339	\$ 1,587,716
Contributions as a percentage of covered-employee payroll	3.09%	1.50%	1.55%	1.64%	1.49%	2.38%	1.66%	1.66%	1.66%	1.26%

Last 10 Fiscal Years*

* The amounts presented for each fiscal year were determined as of 6/30.
There are no factors that have had a significant effect on amounts reported.



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*

Board of Directors of
The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of (the "School") as of, and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2025.

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 School'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.

Compliance and Other Matters

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

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 30, 2025.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2025



MANAGEMENT LETTER

To the Board of Directors of
The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the financial statements of The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus, Fort Lauderdale, Florida, as of and for the year ended June 30, 2025 and have issued our report thereon dated September 30, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 30, 2025, 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 or recommendations made in the preceding financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of education of the entity is The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus, 5031.

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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 Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus as 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 The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus. It is management's responsibility to monitor The Charter Schools of Excellence, Inc. #5031 Fort Lauderdale 1 Campus's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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 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 Florida House of Representatives, the Florida Auditor General, School Board of Broward County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2025