

**Innovation Charter School, Inc.**  
(A Component Unit of the School  
Board of Broward County, Florida)

Basic Financial Statements  
and Additional Information  
For the Year Ended June 30, 2025

## Innovation Charter School, Inc.

### Table of Contents

---

Independent Auditor's Report	1-3
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	4-8
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet of Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Basic Financial Statements	15-22
<b>Required Supplementary Information</b> (Not Covered by Independent Auditor's Report)	
Schedule of Revenues and Expenditures Budget and Actual - General Fund	23
Schedule of Revenues and Expenditures Budget and Actual - Special Revenue Fund	24
Notes to Required Supplementary Information	25
<b>Other Auditor's Reports</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26-27
Management Letter Required by Chapter 10.850 of the Rules of the Auditor General of the State of Florida	28-29

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Innovation Charter School, Inc.  
Pompano Beach, Florida

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Innovation Charter School, Inc. (the "School"), a component unit of the School Board of Broward County, Florida, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## Auditor's Responsibilities for the Audit of the Financial Statements

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on pages 23 through 25 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 GAAS, 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.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Fort Lauderdale, Florida  
September 25, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Innovation Charter School, Inc. (the "School"), a component unit of the School Board of Broward County, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2025, with comparative information for the year ended June 30, 2024.

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

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations:

- The School's total assets exceeded its liabilities at June 30, 2025 by \$ 2,429,716 (net position).
- The School's total revenues were \$5,515,662, \$ 3,523,832 from full-time equivalents ("FTE"), \$ 528,404 from referendum revenues, \$ 110,595 from miscellaneous revenues, and \$ 1,352,831 from program revenues. The School's expenses for the year were \$ 5,860,588. Net position decreased by \$ 344,926.

### **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide financial statements:** The government-wide financial statements, which consist of the statement of net position and the statement of activities, 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 financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education must be considered in order to reasonably assess the School's overall performance.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 9 and 10 of this report.

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

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The School maintains several individual governmental funds. The General Fund, Special Revenue Fund, and Capital Projects Fund are considered to be the School’s major funds.

The School adopts an annual budget for its governmental funds, except for the Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental funds financial statements can be found on pages 11 through 14 of this report.

**Notes to basic financial statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 22 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on pages 23 through 25 of this report.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the School, assets exceeded liabilities by \$ 2,429,716 at the close of the most recent fiscal year.

Innovation Charter School, Inc.			
Net Position			
	2025	2024	Variance
<b>Current and other assets</b>	\$ 2,645,827	\$ 3,078,859	\$ (433,032)
<b>Capital assets, net</b>	565,024	920,310	(355,286)
Total assets	3,210,851	3,999,169	(788,318)

**Innovation Charter School, Inc.  
Management's Discussion and Analysis  
June 30, 2025**

---

**Government-Wide Financial Analysis (continued)**

Innovation Charter School, Inc. Net Position (continued)			
	<u>2025</u>	<u>2024</u>	<u>Variance</u>
<b>Current liabilities</b>	781,135	756,765	24,370
<b>Noncurrent liabilities</b>	-	467,762	(467,762)
Total liabilities	<u>781,135</u>	<u>1,224,527</u>	<u>(443,392)</u>
<b>Net Position:</b>			
Net investment in capital assets	97,262	2,469	94,793
Unrestricted	<u>2,332,454</u>	<u>2,772,173</u>	<u>(439,719)</u>
Total net position	\$ <u><u>2,429,716</u></u>	\$ <u><u>2,774,642</u></u>	\$ <u><u>(344,926)</u></u>

Current and other assets decreased due to a decrease in the School's cash position and amounts due from other governments. Capital assets, net of depreciation, decreased due to current year depreciation and amortization of \$ 476,932 offset by \$ 30,502 of construction in progress additions and \$ 91,144 in computer equipment. Liabilities decreased due to the reduction of the lease liability.

**Governmental activities:** The School's overall net position decreased \$ 344,926 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

Innovation Charter School, Inc. Change in Net Position			
	<u>2025</u>	<u>2024</u>	<u>Variance</u>
<b>Revenues:</b>			
General revenues:			
FTE nonspecific revenues	\$ 3,523,832	\$ 3,662,558	\$ (138,726)
Referendum revenues	528,404	1,265,890	(737,486)
Miscellaneous revenues	110,595	128,772	(18,177)
Program revenues:			
Charges for services	-	6,091	(6,091)
Operating grants and contributions	977,596	1,058,999	(81,403)
Capital grants and contributions	<u>375,235</u>	<u>311,551</u>	<u>63,684</u>
Total revenues	<u>5,515,662</u>	<u>6,433,861</u>	<u>(918,199)</u>

**Innovation Charter School, Inc.  
Management's Discussion and Analysis  
June 30, 2025**

---

**Government-Wide Financial Analysis (continued)**

Innovation Charter School, Inc. Change in Net Position (continued)			
	<u>2025</u>	<u>2024</u>	<u>Variance</u>
<b>Expenses:</b>			
Instruction	2,429,942	2,513,131	(83,189)
Exceptional programs	216,484	197,433	19,051
Instructional curriculum development	255,223	285,698	(30,475)
Instructional staff training services	10,239	15,810	(5,571)
Instructional related technology	315,972	128,289	187,683
Board services	33,952	27,096	6,856
School administration	1,042,432	865,402	177,030
Fiscal services	125,960	109,445	16,515
Food services	527,969	541,454	(13,485)
Operation of plant	627,795	611,181	16,614
Pupil transportation services	210,050	211,210	(1,160)
Pupil services	37,049	50,699	(13,650)
Interest expense	27,521	40,191	(12,670)
	<u>5,860,588</u>	<u>5,597,039</u>	<u>263,549</u>
Change in net position	(344,926)	836,822	(1,181,748)
Net position - beginning	<u>2,774,642</u>	<u>1,937,820</u>	<u>836,822</u>
Net position - ending	\$ <u><u>2,429,716</u></u>	\$ <u><u>2,774,642</u></u>	\$ <u><u>(344,926)</u></u>

General revenues, compared to the previous year, decreased due to a reduction of referendum funds awarded to the School and of FTE funds due to lower enrollment; additionally, program revenues decreased as well due to an overall decrease in grant funding. Total expenses increased due to an increase of technology costs.

**Financial Analysis of the School's Funds**

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$ 32,293, while total fund balance decreased to \$ 2,332,454. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 0.7% of total General Fund expenditures, while total fund balance represents 50.7% of that same amount.

The fund balance of the School's General Fund decreased by \$ 39,571 during the current fiscal year. The decrease was due to reduced FTE funding due to lower enrollment in the current year.

The Special Revenue Fund does not have an increase or decrease in fund balance during the current fiscal year as this fund reports state expense reimbursement grants.

The Capital Outlay Fund does not have an increase or decrease in fund balance during the current fiscal year as this fund reports state expense reimbursement grants.

### **Capital Assets and Debt Administration**

**Capital assets:** As of June 30, 2025, the School had capital assets of \$ 565,024, net of accumulated depreciation and amortization, invested in construction in progress, lease assets, and furniture and equipment. Capital asset additions for the year included \$ 30,502 for construction of a playground and \$ 91,144 in furniture and equipment. Additional information on the School's capital assets can be found in Note 4 of this report.

**Debt:** At June 30, 2025, the School had outstanding debt of \$ 467,762, compared to \$ 917,841 in the prior year. The decrease was due to debt service payments on the lease. Additional information on the School's debt can be found in Note 5 of this report.

### **General Fund Budgetary Highlights**

Total revenues were more than budgeted by approximately \$ 761,000 due mainly to referendum settlement funds. Total expenditures were more than budgeted mainly due to budgeted expenditures for referendum funds not being allocated to the General Fund. See page 23 for budget to actual comparison details.

### **Economic Factors and Next Year's Budget**

For fiscal year 2026, the total funding for teacher salaries and instructional personnel will be \$ 3,248,867. The State of Florida has also approved an increase in the base funding allocation to \$ 51,402 for teachers with 1 to 16 years of experience. The School is experiencing a moderate decline in student enrollment, which is resulting in reduced overall revenue. Fortunately, the School has reserve funds available to address any revenue shortfalls.

### **Requests for Information**

This financial report is designed to provide a general overview of the Innovation Charter School, Inc.'s finances for all those with an interest. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the Finance Director of Innovation Charter School, Inc. at 600 SW 3rd Street, Pompano Beach, FL 33060.

BASIC  
FINANCIAL STATEMENTS

**Innovation Charter School, Inc.**  
**Statement of Net Position**  
**June 30, 2025**

---

**Current Assets:**

Cash and cash equivalents	\$ 2,188,068
Due from other governments	406,598
Prepaid items	<u>29,009</u>

Total current assets 2,623,675

**Noncurrent Assets:**

Deposits	22,152
Capital assets, net of accumulated depreciation and amortization	<u>565,024</u>

Total noncurrent assets 587,176

Total assets 3,210,851

**Current Liabilities:**

Accounts payable	52,937
Accrued liabilities	260,436
Lease payable	<u>467,762</u>

Total liabilities 781,135

**Net Position:**

Net investment in capital assets	97,262
Unrestricted	<u>2,332,454</u>

Total net position \$ 2,429,716

See accompanying notes to financial statements.

**Innovation Charter School, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
<b>Functions/Programs:</b>					
Instruction	\$ 2,429,942	\$ -	\$ 242,699	\$ -	\$ (2,187,243)
Exceptional programs	216,484	-	-	-	(216,484)
Instructional curriculum development	255,223	-	96,337	-	(158,886)
Instructional staff training services	10,239	-	-	-	(10,239)
Instructional related technology	315,972	-	187,766	-	(128,206)
Board services	33,952	-	-	-	(33,952)
School administration	1,042,432	-	47,033	-	(995,399)
Fiscal services	125,960	-	-	-	(125,960)
Food services	527,969	-	403,761	-	(124,208)
Operation of plant	627,795	-	-	-	(627,795)
Pupil transportation services	210,050	-	-	-	(210,050)
Pupil services	37,049	-	-	-	(37,049)
Interest expense	27,521	-	-	375,235	347,714
<b>Total governmental activities</b>	<b>\$ 5,860,588</b>	<b>\$ -</b>	<b>\$ 977,596</b>	<b>\$ 375,235</b>	<b>(4,507,757)</b>
General revenues:					
FTE nonspecific revenues					3,523,832
Referendum revenues					528,404
Miscellaneous revenues					110,595
<b>Total general revenues</b>					<b>4,162,831</b>
<b>Change in net position</b>					<b>(344,926)</b>
<b>Net position, July 1, 2024</b>					<b>2,774,642</b>
<b>Net position, June 30, 2025</b>					<b>\$ 2,429,716</b>

See accompanying notes to financial statements.

**Innovation Charter School, Inc.**  
**Balance Sheet of Governmental Funds**  
**June 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,188,068	\$ -	\$ -	\$ 2,188,068
Due from other governments	400,148	6,450	-	406,598
Due from special revenue fund	6,450	-	-	6,450
Prepaid items	29,009	-	-	29,009
Deposits	<u>22,152</u>	<u>-</u>	<u>-</u>	<u>22,152</u>
Total assets	<u>\$ 2,645,827</u>	<u>\$ 6,450</u>	<u>\$ -</u>	<u>\$ 2,652,277</u>
<b>Liabilities:</b>				
Accounts payable	\$ 52,937	\$ -	\$ -	\$ 52,937
Accrued liabilities	260,436	-	-	260,436
Due to general fund	<u>-</u>	<u>6,450</u>	<u>-</u>	<u>6,450</u>
Total liabilities	<u>313,373</u>	<u>6,450</u>	<u>-</u>	<u>319,823</u>
<b>Fund Balance:</b>				
Nonspendable:				
Prepaid items	29,009	-	-	29,009
Deposits	22,152	-	-	22,152
Assigned:				
Capital replacement	46,000	-	-	46,000
Curriculum	278,000	-	-	278,000
Maintenance	50,000	-	-	50,000
Technology	75,000	-	-	75,000
Operating reserves	1,800,000	-	-	1,800,000
Unassigned	<u>32,293</u>	<u>-</u>	<u>-</u>	<u>32,293</u>
Total fund balances	<u>2,332,454</u>	<u>-</u>	<u>-</u>	<u>2,332,454</u>
Total liabilities and fund balances	<u>\$ 2,645,827</u>	<u>\$ 6,450</u>	<u>\$ -</u>	<u>\$ 2,652,277</u>

See accompanying notes to financial statements.

**Innovation Charter School, Inc.**  
**Reconciliation of the Balance Sheet of Governmental**  
**Funds to the Statement of Net Position**  
**June 30, 2025**

---

**Total Fund Balances of Governmental Funds** \$ 2,332,454

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

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

Cost of capital assets	\$	1,715,353	
Accumulated depreciation/amortization		<u>(1,150,329)</u>	565,024

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Lease payable			<u>(467,762)</u>
---------------	--	--	------------------

**Net Position of Governmental Activities** \$ 2,429,716

See accompanying notes to financial statements.

**Innovation Charter School, Inc.  
Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
For the Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Federal through state	\$ -	\$ 974,966	\$ -	\$ 974,966
State sources	3,523,832	-	253,843	3,777,675
Local sources	<u>1,039,147</u>	<u>2,630</u>	<u>121,392</u>	<u>1,163,169</u>
Total revenues	<u>4,562,979</u>	<u>977,596</u>	<u>375,235</u>	<u>5,915,810</u>
<b>Expenditures:</b>				
Current:				
Instruction	2,162,061	242,699	-	2,404,760
Exceptional programs	216,484	-	-	216,484
Instructional curriculum development	158,886	96,337	-	255,223
Instructional staff training services	10,239	-	-	10,239
Instructional related technology	128,206	187,766	-	315,972
Board services	33,952	-	-	33,952
School administration	995,399	47,033	-	1,042,432
Fiscal services	125,960	-	-	125,960
Food services	124,208	403,761	-	527,969
Operation of plant	176,045	-	-	176,045
Pupil transportation services	210,050	-	-	210,050
Pupil services	37,049	-	-	37,049
Capital outlay	121,646	-	-	121,646
Debt service:				
Principal	74,844	-	375,235	450,079
Interest	<u>27,521</u>	<u>-</u>	<u>-</u>	<u>27,521</u>
Total expenditures	<u>4,602,550</u>	<u>977,596</u>	<u>375,235</u>	<u>5,955,381</u>
Net change in fund balance	(39,571)	-	-	(39,571)
<b>Fund Balances, July 1, 2024</b>	<u>2,372,025</u>	<u>-</u>	<u>-</u>	<u>2,372,025</u>
<b>Fund Balances, June 30, 2025</b>	<u>\$ 2,332,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,332,454</u>

See accompanying notes to financial statements.

**Innovation Charter School, Inc.  
Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2025**

---

**Net Change in Fund Balances of Governmental Funds** \$ (39,571)

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

The governmental funds report capital outlay as expenditures; however, in the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:

Capital outlay	\$	121,646	
Depreciation/amortization		<u>(476,932)</u>	(355,286)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. (400,148)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 450,079

**Change in Net Position of Governmental Activities** \$ (344,926)

See accompanying notes to financial statements.

## Note 1 - Organization and Operations

Innovation Charter School, Inc. (the "School") was incorporated as a not-for-profit corporation on July 10, 2013, organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act and Section 228.056, Florida Statutes. The governing body of the School is the Board of Directors (the "Board"), which is comprised of three members. The School's charter started July 1, 2015 and operations began August 2015. The School serves students in kindergarten through fifth grade.

## Note 2 - Summary of Significant Accounting Policies

**Reporting Entity:** The School operates under a charter of the sponsoring school district, the School Board of Broward County, Florida (the "District"). The current charter is effective until June 30, 2030. The School is a component unit of the District.

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

**Basis of presentation:** The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government-wide financial statements:** Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

**Fund financial statements:** Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

## Note 2 - Summary of Significant Accounting Policies (continued)

The School reports the following major governmental funds:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Special Revenue Fund** - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Outlay Fund** - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the government fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

**Net investment in capital assets** - represents the difference between the cost of capital assets, less accumulated depreciation and amortization reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets (if any).

**Restricted** - consists of net position with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. There are no restricted net assets as of the year end.

**Unrestricted** - the portion of net position that does not meet the definition of the other two categories.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of U.S. GAAP which provide clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* - consists of amounts that are not in spendable form and amounts that are legally or contractually required to be maintained intact.
- *Restricted* - consists of amounts with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

**Note 2 - Summary of Significant Accounting Policies (continued)**

- *Committed* - consists of amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- *Assigned* - consists of amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed.
- *Unassigned* - represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds, and lastly unassigned funds. The details of the fund balance are included in the Balance Sheet of Governmental Funds.

**Basis of accounting:** Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within one hundred and twenty days of the end of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

All other revenue items are considered to be measurable and available only when cash is received by the School. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Student funding is provided by the state of Florida through the School Board. Such funding is recorded as full-time equivalent ("FTE") revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve-month period and is adjusted for changes in FTE student population.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Cash and cash equivalents:** The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit, however, the School's deposits are collateralized in accordance with Chapter 280 of the Florida Statutes (Note 3).

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

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

**Capital assets:** Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are valued at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets, which include equipment acquired with state shared revenues are reported in the government-wide financial statements.

Depreciation and amortization on all assets are provided on the straight-line basis over the capital asset's estimated useful lives or lease term, whichever is shorter, as follows:

Furniture and equipment	3-5 years
-------------------------	-----------

**Right-of-use asset:** The School has recorded a right-of-use lease asset in accordance with GASB. The right-of-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use asset is amortized on a straight-line basis over the shorter of the useful life or the lease term.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

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

## Note 2 - Summary of Significant Accounting Policies (continued)

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

**Budget:** An operating budget is adopted and maintained by the governing board for all the governmental funds, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

**Income taxes:** The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

**Use of estimates:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Adoption of new accounting standards:** During the year ended June 30, 2025, the School implemented GASB Statement No. 101, *Compensated Absences*, which revisits the definition and recognition parameters of accrued employee paid time off. The School also implemented GASB Statement No. 102, *Certain Risk Disclosures*, which addresses obligations for governmental entities to disclose a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. There were no changes required to the financials of the School as a result of the adoption of these standards.

**Date of management review:** The School has evaluated subsequent events through September 25, 2025, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

## Note 3 - Cash and cash equivalents

At June 30, 2025, the carrying amount of the School's deposits and cash on hand totaled \$ 2,188,068 with a bank balance of \$ 2,179,057.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of \$ 1,929,057, in excess of the federal insured level of \$ 250,000, are held in a qualified public depository and are covered by the collateral pool held in the name of the financial institution's trust department or agent but not in the School's name.

**Innovation Charter School, Inc.**  
**Notes to Basic Financial Statements**  
**June 30, 2025**

---

**Note 4 - Capital Assets**

A summary of changes in governmental capital assets is as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Capital assets not being being depreciated/amortized:				
Construction in progress	\$ -	\$ 30,502	\$ -	\$ 30,502
Total capital assets not being depreciated/amortized	<u>-</u>	<u>30,502</u>	<u>-</u>	<u>30,502</u>
Capital assets being depreciated/ amortized:				
Furniture and equipment	238,457	91,144	-	329,601
Lease asset:				
Building	<u>1,355,250</u>	<u>-</u>	<u>-</u>	<u>1,355,250</u>
Total capital assets being depreciated/amortized	<u>1,593,707</u>	<u>91,144</u>	<u>-</u>	<u>1,684,851</u>
Accumulated depreciation/ amortization:				
Furniture and equipment	221,647	25,182	-	246,829
Lease asset:				
Building	<u>451,750</u>	<u>451,750</u>	<u>-</u>	<u>903,500</u>
Total accumulated depreciation/amortization	<u>673,397</u>	<u>476,932</u>	<u>-</u>	<u>1,150,329</u>
Net capital assets	<u>\$ 920,310</u>	<u>\$ (355,286)</u>	<u>\$ -</u>	<u>\$ 565,024</u>

Depreciation and amortization for the year ended June 30, 2025 amounted to \$ 476,932. The School allocated \$ 25,182, 5%, of the depreciation and amortization, to instruction and \$ 451,750, 95%, to the operation of the facility.

**Note 5 - Lease**

The School entered into a facility lease with a related party effective July 1, 2023 through June 30, 2026. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the commencement date of July 1, 2023. The discount rate used to recognize the intangible right-of-use asset, and the lease liability, was 3.86%.

The following is a schedule of the School's future base rent payments as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ <u>467,762</u>	\$ <u>9,838</u>	\$ <u>477,600</u>

**Innovation Charter School, Inc.**  
**Notes to Basic Financial Statements**  
**June 30, 2025**

---

**Note 5 - Lease (continued)**

The lease activity for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year
Lease - building	\$ <u>917,841</u>	\$ <u>-</u>	\$ <u>450,079</u>	\$ <u>467,762</u>	\$ <u>467,762</u>

**Note 6 - Related Party Transactions**

Several members of the School’s Board of Directors are employees of the company from which the School leases its main facility. Monthly lease payments are \$ 39,800.

**Note 7 - Employee Benefit Plan**

The School offers all of its full-time employees who had attained 21 years of age a retirement plan (the “Plan”) under Internal Revenue Code Section 403(b). The employee is allowed to contribute up to a maximum of 100% of their annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant’s annual elective deferral to the Plan. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to a 2- to 6-year graded vesting. A participant is vested 20% after 2 years, 40% after 3 years, 60% after 4 years, 80% after 5 years, and 100% after 6 years.

**Note 8 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (“CSCO”) Award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School’s allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring board. The School’s CSCO Award totaled \$ 253,843 for the 2024-2025 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the principal expense on the lease.

Local Capital Improvement Revenue (“LCIR”) funds are also appropriated by the School Board for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO Award. The School’s LCIR Award totaled \$ 121,392 for the 2024-2025 school year which has been recognized as revenue in 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, errors and omissions, employee health, workers’ compensation and natural disasters for which the School carries commercial insurance. There have been no claims in excess of insurance coverage limits during the current year.

**Note 10 - Referendum Settlement**

In 2018, the voters of Broward County approved a Referendum allowing the School Board of Broward (the "School Board") to levy an ad valorem tax for fiscal years July 1, 2019 through June 30, 2023 to enhance funding for school resource officers, hire school security staff, increase compensation to recruit and retain highly qualified district teachers. The School Board previously levied and distributed all revenue generated pursuant to the 2018 Referendum to non-public schools for 2019-2023 school years.

The School filed an action against the School Board asserting that the School Board breached its contractual obligation to pay the School their proportionate share of the 2018 Referendum Levy. In March 2024, the Florida Commissioner of Education directed a Memorandum to the Florida State Board of Education, finding probable cause that the School Board was not in compliance with Florida law as a result of not sharing revenues generated by the 2018 Referendum. A settlement was reached between the School Board and the School, with a payment plan beginning in July 2024. For the year ended June 30, 2025, the School recognized \$ 528,404 in the government-wide financial statements as general revenues and \$ 928,552 in the governmental fund's financial statements as local source revenue.

REQUIRED SUPPLEMENTARY  
INFORMATION

**Innovation Charter School, Inc.**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
State sources	\$ 3,681,405	\$ 3,681,405	\$ 3,523,832	\$ (157,573)
Local sources	<u>120,499</u>	<u>120,499</u>	<u>1,039,147</u>	<u>918,648</u>
Total revenues	<u>3,801,904</u>	<u>3,801,904</u>	<u>4,562,979</u>	<u>761,075</u>
<b>Expenditures:</b>				
Current:				
Instruction	2,161,072	2,161,072	2,162,061	(989)
Exceptional programs	71,585	71,585	216,484	(144,899)
Instructional curriculum development	318,685	318,685	158,886	159,799
Instructional staff training services	-	-	10,239	(10,239)
Instructional related technology	108,757	108,757	128,206	(19,449)
Board services	37,000	37,000	33,952	3,048
School administration	842,293	842,293	995,399	(153,106)
Fiscal services	133,000	133,000	125,960	7,040
Food services	131,445	131,445	124,208	7,237
Operation of plant	407,655	407,655	176,045	231,610
Pupil transportation services	-	-	210,050	(210,050)
Pupil services	-	-	37,049	(37,049)
Capital outlay	-	-	121,646	(121,646)
Debt service:				
Principal	-	-	74,844	(74,844)
Interest	<u>-</u>	<u>-</u>	<u>27,521</u>	<u>(27,521)</u>
Total expenditures	<u>4,211,492</u>	<u>4,211,492</u>	<u>4,602,550</u>	<u>(391,058)</u>
Net change in fund balance	\$ <u>(409,588)</u>	\$ <u>(409,588)</u>	(39,571)	\$ <u>370,017</u>
<b>Fund balance, beginning</b>			<u>2,372,025</u>	
<b>Fund balance, ending</b>			\$ <u>2,332,454</u>	

**Innovation Charter School, Inc.**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - Special Revenue Fund**  
**For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Federal through state	\$ 1,558,890	\$ 1,558,890	\$ 974,966	\$ (583,924)
Local sources	<u>4,000</u>	<u>4,000</u>	<u>2,630</u>	<u>(1,370)</u>
Total revenues	<u>1,562,890</u>	<u>1,562,890</u>	<u>977,596</u>	<u>(585,294)</u>
<b>Expenditures:</b>				
Current:				
Instruction	389,859	389,859	242,699	147,160
Exceptional programs	135,411	135,411	-	135,411
Instructional curriculum development	174,250	174,250	96,337	77,913
Instructional staff training services	29,500	29,500	-	29,500
Instructional related technology	14,765	14,765	187,766	(173,001)
School administration	64,913	64,913	47,033	17,880
Food services	419,306	419,306	403,761	15,545
Operation of plant	91,176	91,176	-	91,176
Pupil transportation services	213,710	213,710	-	213,710
Pupil services	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>1,562,890</u>	<u>1,562,890</u>	<u>977,596</u>	<u>585,294</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
<b>Fund balance, beginning</b>			<u>-</u>	
<b>Fund balance, ending</b>			<u>\$ -</u>	

### Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2025, expenditures exceeded appropriations in several categories:

**General Fund:** expenditures were unfavorable to the budget by \$ 391,058, individual categories of expenditures exceeded appropriations as follows:

- Instruction exceeded budget by \$ 989 due to referendum expenditures not allocated to the General Fund
- Exceptional programs exceeded budget by \$ 144,899 due to referendum expenditures not allocated to the General Fund
- Instructional staff training services exceeded budget by \$ 10,239 due to referendum expenditures not allocated to the General Fund
- Instructional related technology exceeded budget by \$ 19,449 due to referendum expenditures not allocated to the General Fund
- School administration exceeded budget by \$ 153,106 due to referendum expenditures not allocated to the General Fund
- Pupil transportation services exceeded budget by \$ 210,050 due to referendum expenditures not allocated to the General Fund
- Pupil services exceeded budget by \$ 37,049 due to referendum expenditures not allocated to the General Fund
- Capital outlay exceeded budget by \$ 121,646 due to costs related to new equipment and playground being built
- Debt service payments exceeded budget by \$ 102,365 (principal and interest) were not included in the original budget due to lease accounting treatment under GASB Statement No. 87

Expenditure budget overages were covered by underspending in other categories and from a revenue favorable budget variance.

**Special Revenue Fund:** instructional related technology exceeded appropriations by \$ 173,001 due to the purchase of new computer hardware. The expenditure budget overage was covered by underspending in other categories.

Revenues exceeded budget by \$ 585,294 due to the allocation of referendum funds for which actual amounts were recognized in the General Fund.

## OTHER AUDITOR'S REPORTS

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

To the Board of Directors  
Innovation Charter School, Inc.  
Pompano Beach, 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 Innovation Charter School, Inc. (the "School"), a component unit of the School Board of Broward County, Florida, 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 25, 2025.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 have not been identified.



## Report on Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Fort Lauderdale, Florida  
September 25, 2025

## MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors  
Innovation Charter School, Inc.  
Pompano Beach, Florida

### Report on the Financial Statements

We have audited the governmental activities and each major fund of the financial statements of Innovation Charter School, Inc. (the "School"), Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 25, 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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 25, 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 annual financial audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Innovation Charter School, Inc. and 065177.



### Financial Condition and Management

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

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

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

### Transparency

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

### Additional Matters

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

### Purpose of this Letter

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

Fort Lauderdale, Florida  
September 25, 2025

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

Innovation Charter School, Inc.

Federal Single Audit Section  
For the Year Ended June 30, 2025

# Innovation Charter School, Inc.

Federal Single Audit Section  
For the Year Ended June 30, 2025

## **Table of Contents**

---

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	1-3
Schedule of Expenditures of Federal Awards	4
Notes to Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	6

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Innovation Charter School, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Innovation Charter School, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

### Report on Internal Control Over Compliance (Continued)

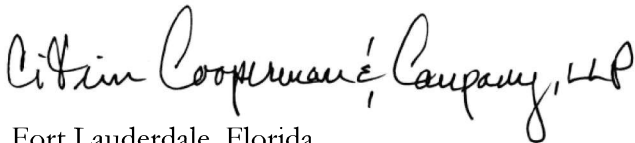
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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. We issued our report thereon dated September 26, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 26, 2025. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Lauderdale, Florida  
2/23/2026

**Innovation Charter School, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Provided to Subrecipients</b>
U.S. Department of Agriculture - Passed through Florida Department of Agriculture - Child Nutrition Cluster -				
School Breakfast Program (SBP)	10.553	022857	\$ 90,876	\$ -
National School Lunch Program (NSLP)	10.555	022857	<u>312,303</u>	<u>-</u>
Total Child Nutrition Cluster			<u>403,179</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>403,179</u>	<u>-</u>
U.S. Department of Education Passed through Florida Department of Education				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	Unknown	201,060	-
Education Stabilization Fund	84.425	Unknown	<u>374,817</u>	<u>-</u>
Total U.S. Department of Education			<u>575,877</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 979,056</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Innovation Charter School, Inc. (the "School") for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

The School did not elect to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**Innovation Charter School, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2025**

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

*Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

**Federal/State Awards**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major programs?

*Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes        X   no

Identification of major program(s):

Assistance  
 Listing  
Number

Federal Program or Cluster

10.553/  
 10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FEDERAL AWARDS PROGRAM FINDINGS**

None reported.