

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

**A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORTS THEREON**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2017**



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CERTIFIED PUBLIC ACCOUNTANTS

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SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The discussion and analysis of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The year ended June 30, 2017 represents the fifth year of operations for the School. The School Board of Broward County has renewed the School's charter contract for another five years, through June 30, 2022. Operations of the School are under direct control of the governing board. The governing board has hired a Principal to oversee educational aspects of the School and contracted an educational management company, A Plus Resource Group, LLC ("A+") to manage all business operations related to the School. A+ works with this governing board as educational service provider for Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward, also in Broward County, FL.

Financial Highlights

Assets of the School exceeded its liabilities (net position) at the close of the fiscal year by \$1,560,771 at the end of fiscal year 2017 and by \$1,838,975 at the end of fiscal year 2016; a decrease of \$278,204. Total revenues from enrollment dropped approximately 9.6% (\$214,841) from the prior year while revenues from capital outlay increased by 47% (\$35,809).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the readers in understanding of the financial condition of School. This document also includes the 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, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. dba SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017
(continued)

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain services. For the year ended June 30, 2016, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group or related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what money left at year-end which is available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is formally adopted by management of the School and its Board. A budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The table presented on the following page provides a comparative summary of the School's net position for fiscal years 2017 and 2016.

The increase in current assets is primarily related to increased cash. Accounts receivable from SunEd High of North Broward – have been reduced slightly in its second year of operations. Net capital assets are represented by computer workstations, tables, desks and chairs. Current liabilities are primarily comprised of accrued consulting fees.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017
(continued)

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL *(continued)*

Net Position *(continued)*

	2017	2016	Increase (Decrease)
Assets			
Current assets	\$ 921,407	\$ 1,821,656	\$ (900,249)
Long term assets	648,000	-	648,000
Capital assets, net	4,414	28,718	(24,304)
Total assets	\$ 1,573,821	\$ 1,850,374	\$ (276,553)
Liabilities			
Current liabilities	\$ 13,050	\$ 11,399	\$ 1,651
Net assets			
Invested in capital assets	\$ 4,414	\$ 28,718	\$ (24,304)
Unrestricted	1,556,357	1,810,257	(253,900)
Total net position	\$ 1,560,771	\$ 1,838,975	\$ (278,204)

Change in Net Position

The table below shows the comparative summary of changes in net position, revenues and expenses for fiscal years 2017 and 2016.

	2017	2016	Increase (Decrease)
Revenues			
State and local sources	\$ 2,026,211	\$ 2,241,052	\$ (214,841)
Capital outlay	111,529	75,720	35,809
Other revenue	16,131	2,339	13,792
Total revenues	2,153,871	2,319,111	(165,240)
Expenses			
Instruction	869,056	641,987	227,069
Instructional support services	55,986	54,915	1,071
Board	104,958	60,219	44,739
School administration	689,934	652,351	37,583
Central services	79,933	78,837	1,096
Pupil transportation services	101,255	76,500	24,755
Operation of plant	515,968	406,511	109,457
Maintenance of plant	14,985	27,328	(12,343)
Total expenses	2,432,075	1,998,648	433,427
Total change in net position	\$ (278,204)	\$ 320,463	\$ (598,667)

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016
(continued)

Revenues from state and local sources decreased by approximately 10% due to the School's lower enrollment during the current fiscal year than in the previous fiscal year. Average enrollment dropped by 11% from 355 to 316 students. Capital outlay funding increased by 47%, \$35,809, from fiscal year 2016. Expenses as a percentage of revenues increased from 86% in fiscal year 2016 to 98% in fiscal year 2017. Operations resulted in an increase to net position, however, forgiveness of intercompany accounts receivable created an overall decrease to net position for fiscal year 2017.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of sources of funding and spending.

The School's basic services are included in governmental funds which focus 1) on how financial assets can be converted to cash flows and 2) on the year-end balances available for spending. In particular, unassigned fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the School's governmental funds reported a combined ending unassigned fund balance of \$889,811 – a 50% decrease from the prior year's unassigned fund balance of \$1,784,998. The change is primarily due to the reclassification of intercompany accounts receivable from short term to long term by the Board of Directors during FY17.

General Fund Budgetary Highlights

The School prepares an annual budget in June based on the expected funded enrollment figure for the following school year. The budget is revised once the School's final full-time equivalent enrollment is determined based on the required count dates in October and February. In spite of the overall decrease in average enrollment from the prior year, enrollment figures for the current fiscal year remained constant throughout the entire year.

The School's general fund budget anticipated a \$60,000 increase to fund balance for this fiscal year. Actual results produced a decrease of \$313,900 more than budgeted – comprised of \$14,652 increase from operations and a decrease of \$324,138 resulting from forgiveness of debt.

Capital Assets

The capitalization threshold for classification of long-term assets is \$1,000. The table below shows comparative balances of capital assets for fiscal years 2017 and 2016.

	<u>2017</u>	<u>2016</u>	Increase (Decrease)
Leasehold improvements	\$ 34,468	\$ 34,468	\$ -
Furniture and fixtures	50,329	50,329	-
Computer hardware	93,776	93,776	-
Total capital assets	<u>178,573</u>	<u>178,573</u>	-
Accumulated depreciation	<u>(174,159)</u>	<u>(149,855)</u>	24,304
Total	<u>\$ 4,414</u>	<u>\$ 28,718</u>	<u>\$ (24,304)</u>

For more information on capital assets, see Note 7 in the Notes to the Basic Financial Statements.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017
(continued)

Current Financial Statements

The Board of Directors has contracted with A+ Resource Group to provide day-to-day management services including facilities, equipment, technology, operational support services, personnel management and consulting services to the School. A+ Resource Group provides these services for a percentage share (15%) of revenues received by the School. The School has operated successfully by managing cash flow throughout the year resulting in significant additions to fund balance and financial stability. Additionally, the school was accredited by the Southern Association of Colleges and Schools ("SACS") within its first year.

Contacting the School's Financial Management

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the President of the Board of Directors – Sunshine Charter Academy, d/b/a SunEd High School at (954) 678-3939; 2360 West Oakland Park Boulevard, Oakland Park, Florida 33311.



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CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors on Basic Financial Statements And Supplementary Information

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School and Component Unit of the District School Board of Broward County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School, a charter school and Component Unit of the District School Board of Broward County, Florida, (the “School”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward at June 30, 2017, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Sunshine Charter Academy of Broward, Inc. These financial statements do not purport to, and do not present fairly the financial position of Sunshine Charter Academy of Broward, Inc., as of June 30, 2017 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2-6 and 25 be presented to supplement the basic financial statements. Such information, 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 and 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 October 10, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

MC CRADY HESS

Orlando, Florida
October 10, 2017

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Statement of Net Position

June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 894,962
Accounts receivable	7,899
Other assets	<u>18,546</u>
Total current assets	921,407
Long term assets – intercompany note receivable	648,000
Capital assets:	
Leasehold improvements	34,468
Furniture and fixtures	50,329
Computer hardware	93,776
Less accumulated depreciation	<u>(174,159)</u>
Total capital assets, net	<u>4,414</u>
Total assets	<u>\$ 1,573,821</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 13,050</u>
Total liabilities	<u>13,050</u>
NET POSITION	
Invested in capital assets, net of related debt	4,414
Unrestricted	<u>1,556,357</u>
Total net position	<u>\$ 1,560,771</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Statement of Activities

For the Year Ended June 30, 2017

	Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:				
Instruction	\$ 869,056	\$ -	\$ (706,987)	\$ (706,987)
Instructional support services	55,986	-	(55,986)	(55,986)
Board	104,958	-	(104,958)	104,958
School administration	689,934	-	(625,106)	(625,106)
Central services	79,933	-	(79,933)	(79,933)
Transportation	101,255	-	(101,255)	(101,255)
Operation of plant	515,968	111,529	(307,198)	(307,198)
Maintenance of plant	14,985	-	(14,985)	(14,985)
Total primary government	\$ 2,432,075	\$ 111,529	(2,320,546)	(2,320,546)
		State and local sources	2,026,211	2,026,211
		Other revenue	16,131	16,131
		Total general revenues	2,042,342	2,042,342
		Change in net position	(278,204)	(278,204)
		Net position at beginning of year	1,838,975	1,838,975
		Net position at end of year	\$ 1,560,771	\$ 1,560,771

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Balance Sheet – Governmental Fund

June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 894,962
Accounts receivable	7,899
Other assets	<u>18,546</u>
Total assets	<u><u>\$ 921,407</u></u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 13,050</u>
Total liabilities	<u>13,050</u>
FUND BALANCES	
Nonspendable:	
Deposits	5,040
Prepaid expenses	13,506
Spendable:	
Unassigned	<u>889,811</u>
Total fund balance	<u>908,357</u>
Total liabilities and fund balance	<u><u>\$ 921,407</u></u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
dba
SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position

June 30, 2017

Total fund balance - governmental fund	\$ 908,357
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term related party note receivable is not included as part of assets in the governmental fund.	648,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$178,573 and the accumulated depreciation is \$174,159.	<u>4,414</u>
Total net position - governmental activities	<u>\$ 1,560,771</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
dba
 SUNED HIGH SCHOOL

A Charter School and Component Unit of the
 District School Board of Broward County, Florida

Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds

For the Year Ended June 30, 2017

	All Governmental Funds (General Fund)
REVENUES	
State and local sources	\$ 2,026,211
Capital outlay	111,529
Other revenue	16,131
Total revenues	2,153,871
EXPENDITURES	
Instruction	857,959
Instructional support services	55,986
Board	104,958
School administration	689,934
Central services	79,933
Transportation	101,255
Operation of plant	502,761
Maintenance of plant	14,985
Total expenditures	2,407,771
Net change in fund balance	(253,900)
OTHER FINANCING SOURCE (USE)	
Transfers out	(648,000)
Net change in fund balance	(901,900)
Fund balance at beginning of year	1,810,257
Fund balance at end of year	\$ 908,357

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

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

For the Year Ended June 30, 2017

Net changes in fund balance - total governmental funds	\$ (901,900)
Amounts reported for governmental activities in the statement of activities are different because:	
Transfers to related parties are reported as an other financial use in the governmental funds. However, in the statement of net position, the amount of this transfer is reported as an increase in long-term assets.	648,000
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 and reported as depreciation expense. This is the amount by which capital outlays (none in FY17) exceed depreciation expense of \$ 24,304 in the current period.	<u>(24,304)</u>
Change in net position of governmental activities	<u>\$ (278,204)</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Notes to Financial Statements

For the Year Ended June 30, 2017

1. DESCRIPTION OF SCHOOL AND REPORTING ENTITY

Sunshine Charter Academy of Broward, Inc. dba SunEd High School (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes.

The Board of Directors directly manages the day-to-day operations of the School, which is explained in Note 5. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Broward County, Florida (the "District"). The original charter contract was awarded in June 2012, subsequent to appeal to the Florida Department of Education, for the five years beginning July 1, 2012 through June 30, 2017. This contract was renewed by mutual written agreement between the School and the District in Spring 2017. At the end of the second five-year term of the charter contract, the District may choose not to renew the agreement under grounds specified in the charter contract. In this case, the District is required to notify the School in writing at least 90 days prior to the charter contract's expiration. During the term of the charter, the District may also terminate the charter contract if good cause is shown. In the event of termination of the charter contract, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. The School is considered a component unit of the District and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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 *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 within the reporting entity of the School.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Notes to Financial Statements
(continued)

2. RELATED PARTY TRANSACTIONS

In August 2014, the Board of Directors of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School opened a second school in Broward County. Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward is located in Margate. During the routine course of business, invoices and payroll which apply to both schools may be paid by a single entity. Also, the school with surplus funds may pay expenses on behalf of the other related school. The school tracks these amounts due to or from each related entity or school separately. Amounts due from related parties as of June 30, 2016 totaled \$972,138 receivable from SunEd High of North Broward. During the current year, the Board of Directors passed a resolution forgiving approximately one-third (\$324,138) of the intercompany receivable at June 30, 2017, one-third (\$324,000) at June 30, 2018 and the remaining balance (\$324,000) at June 30, 2019. These amounts are included in the accompanying statements of net position and balance sheet – governmental fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School adopted guidance issued by the GASB that established fund balance classifications that comprise of a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

Basis of Presentation

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements report about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the School consist of governmental activities. The School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled. The fund in the financial statements of this report is the General Fund.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Notes to Financial Statements
(continued)

The General Fund is the School's primary operating fund that accounts for all financial resources not required to be accounted for in another fund. For purposes of these statements, the General Fund constitutes a major fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures 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 reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues 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, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level.

Cash and Cash Equivalents

All cash received by the School is maintained in demand deposit accounts. For purposes of presentation on the Statement of Net Position and the Balance Sheet – Governmental Fund, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
District School Board of Broward County, Florida

Notes to Financial Statements
(continued)

Under current regulations, deposit accounts are insured by the FDIC up to \$250,000 per insured institution. The School currently holds its deposit accounts at one institution. At June 30, 2017, these accounts total \$894,962. Approximately \$644,962 of these deposits are not insured by the FDIC. The School does not anticipate any losses associated with these accounts.

Capital Assets and Depreciation

The School's capitalization threshold is \$1,000 overall and \$750 for federal expenditures. Capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation or amortization. Depreciation is computed using the straight-line method over three years for furniture, fixtures and equipment and three years for computer software. Amortization of leasehold improvements is taken over the remaining life of the lease.

Net Position and Fund Balance Classifications

Government-Wide Financial Statements

Net Position is classified and reported in three components.

- Investment in capital assets, net of related debt – consists of capital asset net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted – all other amounts that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

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 reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance classification includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- 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 Governance.
- Assigned – fund balance classification includes amounts that are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for non-general funds to be classified as restricted fund balance. It is also possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (“FDOE”) for funding through the Florida Education Finance Program (FEFP). During the year, funding is adjusted to reflect the revised calculations by 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. The District receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The difference between 5% of all enrollees and the first 250 enrollees must be spent on capital outlay.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2017, the School reported 316 unweighted FTE.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Accordingly, no provision for federal income taxes is included in the accompanying financial statements. The School's income tax returns for the past three years, 2015, 2014 and 2013, are subject to examination by tax authorities, and may change upon examination.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

The School regularly assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through October 10, 2017, which is the date the financial statements were available to be issued.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

4. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (GAAP) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an assets or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The School’s significant financial instruments are cash, accounts receivable, accounts payable, short term borrowings, and other short term assets and liabilities. For these financial instruments (Level 1), carrying values approximate fair value because of the short maturity of these instruments.

5. ACCOUNTS RECEIVABLE

At June 30, 2016, accounts receivable included \$972,138 for costs that the School advanced to a related party through common Board members to SunEd High of North Broward in Margate. During FY17, the Board of Directors passed a resolution reclassifying the receivable as a long-term note receivable. One-third of the outstanding intercompany debt is to be forgiven each year, beginning June 30, 2017. The amount forgiven at June 30, 2017 was \$324,138.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

6. OTHER CURRENT ASSETS

Prepaid insurance of approximately \$10,000 represents the largest component of other current assets. The amount will be expensed ratably over the next fiscal year. The remainder of the balance is comprised \$5,040 in security deposits and a \$2,000 attorney retainer.

7. CAPITAL ASSETS AND DEPRECIATION

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Leasehold improvements	\$ 34,468	\$ -	\$ 34,468
Furniture and fixtures	50,329	-	50,329
Computer hardware	93,776	-	93,776
Total	<u>\$ 178,573</u>	<u>\$ -</u>	<u>\$ 178,573</u>
Less accumulated depreciation:			
Leasehold improvements	\$ (21,260)	\$ (13,207)	\$ (34,467)
Furniture and fixtures	(50,329)	-	(50,329)
Computer hardware	(78,266)	(11,097)	(89,363)
Total	<u>\$ (149,855)</u>	<u>\$ (24,304)</u>	<u>\$ (174,159)</u>
Net capital assets	<u>\$ 28,718</u>	<u>\$ (24,304)</u>	<u>\$ 4,414</u>
	Instruction	\$ 11,097	
	Operations	<u>13,207</u>	
	Total depreciation expense	<u>\$ 24,304</u>	

Depreciation expense of \$24,304 was allocated and charged to the function listed above in the accompanying Statement of Activities.

8. EDUCATIONAL MANAGEMENT PROVIDERS

The Board of Directors has entered into an agreement with A+ Resource Group, Inc. (A+) to provide business and educational oversight services to the School. A+ works with the Principal to manage the School on a day-to-day basis. The Principal oversees academics and A+ oversees all other operations. A+'s continuing fee is based upon 15% of gross revenues, including revenues received from the District through the Florida Education Finance Program. Administration fees paid to A+ were \$304,219 and

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH SCHOOL

A Charter School and Component Unit of the
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Notes to Financial Statements
(continued)

\$336,140 for the years ended June 30, 2017 and 2016, respectively. The fee is included as part of school administration expenses in the accompanying Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

9. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

For the year ended June 30, 2017, state and local revenues were received as follows:

Florida Education Finance Program	\$ 1,363,862
Class size reduction	296,182
Discretionary millage	140,285
Capital outlay	111,529
Student transportation	67,841
Supplemental academic instruction	64,022
ESE guaranteed allocation	39,710
Instructional materials	24,171
Reading allocation	13,210
Safe schools	6,923
Digital classrooms Allocation	5,558
Discretionary lottery	5,134
Other (adjustment to fiscal year 2015 funds)	84
Proration to appropriation	<u>(771)</u>
Total	<u>\$ 2,137,740</u>

The administration fee paid to the District during the year ended June 30, 2017 totaled \$79,933 based on 5% up to 250 students. The fee is included as school administration in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The difference in fees between 5% of all students and 5% of 250 students is required to be spent on capital outlay. During fiscal year 2017, that difference of \$21,377 was applied to rent.

10. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School is in compliance with coverage parameters dictated by the charter contract with the District.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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 SUNED HIGH SCHOOL

A Charter School and Component Unit of the
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Notes to Financial Statements
 (continued)

11. CONTINGENCIES

Grants

The School participates in state and federal grant programs which are governed by various rules and regulation of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal matters

In the normal course of conducting its operations, the School may become 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.

Lease commitments

On May 20, 2012, the School entered into a 5-year lease agreement for its facility under a noncancelable operating lease. The lease expires June 30, 2017. The lease offers 1 renewal term option for another 5-year term. It requires the School to pay insurance and other operating costs. Total expenses related to the facility lease amounted to \$300,000 for fiscal year 2017.

Future minimum payments under this lease agreement, as well as future minimum payments under lease agreements for SunEd High of North Broward are as follows:

	SunEd HS	SunEd North	TOTAL
2018	\$ 300,000	\$ 263,566	\$ 563,566
2019	300,000	271,473	571,473
2020	309,000	-	309,000
2021	309,000	-	309,000
2022	309,000	-	309,000
	\$1,527,000	\$ 535,039	\$ 2,062,039

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
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 SUNED HIGH SCHOOL

A Charter School and Component Unit of the
 District School Board of Broward County, Florida

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
State and local sources	\$ 2,220,000	\$ 2,000,000	\$ 2,026,211	\$ 26,211
Capital outlay	70,000	100,000	111,529	11,529
Other revenue	-	8,000	16,131	8,131
Total revenue	<u>2,290,000</u>	<u>2,108,000</u>	<u>2,153,871</u>	<u>45,871</u>
Expenditures				
Instruction	620,000	695,000	857,959	162,959
Instructional support services	58,000	62,000	55,986	(6,014)
Board	50,000	83,000	104,958	21,958
School administration	645,000	620,000	689,934	69,934
Central services	80,000	80,000	79,933	(67)
Pupil transportation services	90,000	92,000	101,255	9,255
Operation of plant	470,000	400,000	502,761	102,761
Maintenance of plant	35,000	16,000	14,985	(1,015)
Total expenditures	<u>2,048,000</u>	<u>2,048,000</u>	<u>2,407,771</u>	<u>(384,075)</u>
Excess of revenues over expenditures	242,000	60,000	(253,900)	(313,900)
Other Financing Source (Use)				
Transfer out	-	-	(648,000)	(648,000)
Net change in fund balance	<u>242,000</u>	<u>60,000</u>	<u>(901,900)</u>	<u>(961,900)</u>
Fund balance at beginning of year	<u>1,810,257</u>	<u>1,810,257</u>	<u>1,810,257</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 2,052,257</u></u>	<u><u>\$ 1,870,257</u></u>	<u><u>\$ 908,357</u></u>	<u><u>\$ (338,204)</u></u>



M^cCRADY | HESS
CERTIFIED PUBLIC ACCOUNTANTS

**Report of Independent Auditors 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 of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School, A Charter School and Component Unit of the District School Board of Broward County, 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 for the Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School (the “School”), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October 10, 2017.

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) to determine the 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 School’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of management of the School, the District School Board of Broward County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

MC CRADY HESS

Orlando, Florida
October 10, 2017

**ADDITIONAL INFORMATION REQUIRED BY RULES OF
THE AUDITOR GENERAL, CHAPTER 10.850
*AUDITS of CHARTER SCHOOLS and SIMILAR ENTITIES***



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CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of Sunshine Charter Academy of Broward, Inc.
dba SunEd High School, a Charter School and Component
Unit of the District School Board of Broward County, Florida

Report on the Financial Statements

We have audited the financial statements of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School (the "School") as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 10, 2017.

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.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, required that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School.

Financial Condition

Sections 10.854(1)(e)2. Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1)., Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied 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 same.

Transparency

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

Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Broward County School Board, 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.

MC CRADY HESS

Orlando, Florida
October 10, 2017