

**SUNSHINE CHARTER ACADEMY OF BROWARD, INC.**  
*dba*  
**SunEd HIGH OF NORTH BROWARD**  
**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, 2019**



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SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF NORTH BROWARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

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The discussion and analysis of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2019. 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, 2019 represents the fifth year of operations for the School. Operations of the School are under direct control of the governing board. The School District of Broward County has approved renewal of the contract for an additional five years beginning July 1, 2019. The governing board has hired a Principal to oversee educational aspects of the School and contracted an educational management company, Gold Key Group, Inc. to manage all business operations related to the School. Gold Key Group, Inc. has worked previously with this governing board as the educational service provider for Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School, also in Broward County, FL.

#### Financial Highlights

At the close of the fiscal year, assets of the School exceeded liabilities by \$1,228,513 (net position). This is an increase of \$514,487 from the prior year when assets exceeded liabilities by \$714,026. Current year average enrollment increased from 268 to 322 students. SunEd High of North Broward is the second school operated by Sunshine Charter Academy of Broward, Inc. in Broward County, FL. A third school was approved by the School District of Broward County and will open in August 2019. Monies accumulated over five years of operations in the original school provided cash flow support to SunEd High of North Broward. Beginning two years ago, one-third of the intercompany debt per year was forgiven each year. Currently, all of the initial note payable has been forgiven. Monies accumulated over five years of operations in SunEd High of North Broward will provide cash flow support for the newest school -- SunEd High of South Broward.

#### Using this Financial Report

This report consists of six parts:

- 1) Management's discussion and analysis; 2) The basic financial statements; 3) Notes to the financial statements;
- 4) Required supplementary information; 5) Individual Auditor's Report; and 6) Management letter

Basic financial statements include two kinds of statements presenting different views of the School:

- 1) The "Statement of Net Position" and the "Statement of Activities" are government-wide financial statements that provide information about the School's overall financial status.
- 2) The "Balance Sheet" and the "Statement of Revenues, Expenditures and Changes in Fund Balance", are fund financial statements that focus on individual parts of the School. These statements are more detailed than the government-wide statements.

#### Government-Wide Financial Statements

These statements report information about the School as a whole using accounting methods similar to those used by the private sector. 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. Changes in net position, the difference between the School's assets and liabilities, provide an indicator of improving or deteriorating financial position.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF NORTH BROWARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019  
(continued)

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

This table provides a comparative summary of the School's net position for fiscal years 2019 and 2018.

	2019	2018	Increase (Decrease)
<b>Assets</b>			
Current assets	\$ 1,357,550	\$ 1,017,017	\$ 340,533
Capital assets, net	2,064	87,104	(85,040)
<b>Total assets</b>	<b>\$ 1,359,614</b>	<b>\$ 1,104,121</b>	<b>\$ 255,493</b>
<b>Liabilities</b>			
Current liabilities	\$ 131,101	\$ 66,095	\$ 65,006
Long term liabilities	-	324,000	(324,000)
<b>Total liabilities</b>	<b>\$ 131,101</b>	<b>\$ 390,095</b>	<b>\$ (258,994)</b>
<b>Net assets</b>			
Invested in capital assets	\$ 2,064	\$ 87,104	\$ (85,040)
Restricted - capital projects	58,116	58,116	-
Unrestricted	1,168,333	568,806	599,527
<b>Total net position</b>	<b>\$ 1,228,513</b>	<b>\$ 714,026</b>	<b>\$ 514,487</b>

The School's net capital assets are represented primarily by leasehold improvements, computer workstations, tables and chairs. At June 30, 2019, fifty-six percent (56%) of current liabilities are represented by accrued payroll; forty-four percent (44%) are represented by operating accounts payable. No amounts are payable to Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School. At June 30, 2016, the School owed approximately \$972,138 to Sunshine Charter Academy of Broward, Inc. *dba* SunEd High School for first-year operating expenditures. The Board of Directors adopted a resolution forgiving one-third of the outstanding intercompany debt each year, beginning June 30, 2017. The amount forgiven at June 30, 2017 was \$324,138; \$324,000 was forgiven at June 30, 2018; and \$324,000 was forgiven at June 30, 2019. These amounts are included in other income.

Change in Net Position

The table on the following page provides a comparative summary of the School's changes in net position, revenues and expenses for fiscal years 2019 and 2018.

Revenues from state and local sources 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), F.S., the School reports the number of full-time equivalent students and related data to the District. Under the provisions of Section 1011.62, F.S., 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 in October and February. For fiscal years 2019 and 2018, the School was paid on average enrollment of 321.72 and 268.85 students, respectively.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. *dba* SUNED HIGH OF NORTH BROWARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019  
*(continued)*

Change in Net Position (continued)

	2019	2018	Increase (Decrease)
<b>Revenues</b>			
State and local sources	\$ 2,156,066	\$ 1,782,720	\$ 373,346
Capital outlay	195,858	56,926	138,932
Local capital improvement revenue	-	58,116	(58,116)
Other revenue	410,024	362,025	47,999
Total revenues	<u>2,761,948</u>	<u>2,259,787</u>	<u>502,161</u>
<b>Expenses</b>			
Instruction	618,202	588,059	30,143
Instructional support services	122,418	49,198	73,220
Board	45,962	19,889	26,073
School administration	790,074	616,973	173,101
Central services	83,784	82,823	961
Food services	23,517	-	23,517
Pupil transportation services	77,025	68,700	8,325
Operation of plant	459,334	427,124	32,210
Maintenance of plant	27,145	16,425	10,720
Total expenses	<u>2,247,461</u>	<u>1,869,191</u>	<u>378,270</u>
Change in net position	<u>\$ 514,487</u>	<u>\$ 390,596</u>	<u>\$ 123,891</u>

**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 fund reported an ending unassigned fund balance of \$1,099,293 – a 31% (\$259,345) increase from the prior year unassigned fund balance of \$839,948.

General Fund Budgetary Highlights

The School prepared an annual budget based on the expected funded enrollment figure for the school year. The original budget anticipated enrollment of 268 students. Once the School's final full-time equivalent enrollment was determined based on the required count dates in October and February, an amended budget based on higher enrollment was developed. Actual enrollment figures resulted in average enrollment for fiscal year 2019 of 322 students -- an increase of 54 average students over the fiscal year 2018 when average enrollment was 268 students. During fiscal years 2019 and 2018, the school was eligible for capital outlay funds. Local capital improvement revenues (LCIR funds) of \$58,116 received in February 2019 have been carried forward as restricted funds into fiscal year 2020.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC. dba SUNED HIGH OF NORTH BROWARD  
 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019  
 (continued)

Capital Assets

The School had \$2,064 invested in capital assets at June 30, 2019. The capitalization threshold for classification of long-term assets is \$1,000 (\$750 if purchased with CSP Grant funds). The School's net capital assets are represented primarily by fully depreciated leasehold improvements, computer workstations, tables and chairs. For more information on capital assets, see Note 9 in the Notes to the Basic Financial Statements.

Capital Assets - Net of Depreciation

	2019	2018	Increase (Decrease)
Furniture, fixtures and equipment	\$ -	\$ -	\$ -
Computer hardware	2,064	1,901	163
Computer software	-	-	-
Leasehold improvements	-	85,203	(85,203)
Total	\$ 2,064	\$ 87,104	\$ (85,040)

Current Financial Statements

This fiscal year was the fifth year of the School's 5-year contract with the School District of Broward County. The contract was renewed for an additional five years beginning July 1, 2019 and ending June 30, 2024. The Board of Directors of Sunshine Charter Academy of Broward, Inc. has contracted with Gold Key Group, Inc. to provide day-to-day management services including facilities, equipment, technology, operational support services, financial management, personnel management and consulting services. Gold Key Group, Inc. provides services for a percentage share of the per pupil revenues and of grant revenues received by the School.

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 Barry Goldberg, Gold Key Group, Inc. at SunEd High of North Broward, (954) 246-4004; 1121 Banks Road, Margate, FL 33063.

Next Year's Budget

Amounts available for appropriation in the general fund are approximately \$2.385 million, an increase from 2019 actual amounts. Budgeted expenditures in the general fund are approximately \$2.025million, a slight increase from 2019 actual amounts. If the above estimates are realized, the general fund is expected to increase slightly, approximately \$360,000, at the end of fiscal year 2020.



McCrary & Associates  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward 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 of North Broward and Component Unit of the District School Board of Broward County, Florida, (the "School") as of and for the year ended June 30, 2019, 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 the 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 representation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 involves 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 funds of the School, as of June 30, 2019, 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, 2019, 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, 2019 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 2-5 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019, 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.

*McCrary and Associates, PLLC*

Altamonte Springs, Florida  
September 25, 2019

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
 SUNED HIGH OF NORTH BROWARD

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

Statement of Net Position

June 30, 2019

	Governmental Activities
ASSETS	
Cash	\$ 1,106,084
Accounts receivable	182,426
Other assets	69,040
Capital assets:	
Leasehold improvements	396,481
Furniture, fixtures and equipment	48,478
Computer hardware	38,969
Computer software	3,606
Less accumulated depreciation	(485,470)
Total capital assets, net	2,064
Total assets	\$ 1,359,614
LIABILITIES	
Accounts payable and accrued expenses	\$ 131,101
Total liabilities	\$ 131,101
NET POSITION	
Invested in capital assets, net of related debt	\$ 2,064
Restricted for capital projects	58,116
Unrestricted	1,168,333
Total net position	\$ 1,228,513

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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

Statement of Activities

For the Year Ended June 30, 2019

	Expenses	Program Specific Revenues	Net (Expenses) Revenues and Changes in Net Position	
			Governmental Activities	Total
Governmental activities:				
Instruction	\$ 618,202	\$ -	\$ (618,202)	\$ (618,202)
Instructional support services	122,418	-	(122,418)	(122,418)
Board	45,962	-	(45,962)	(45,962)
School administration	790,074	-	(790,074)	(790,074)
Central services	83,784	-	(83,784)	(83,784)
Food services	23,517	-	(23,517)	(23,517)
Transportation	77,025	-	(77,025)	(77,025)
Operation of plant	459,334	195,858	(263,476)	(263,476)
Maintenance of plant	27,145	-	(27,145)	(27,145)
Total primary government	<u>\$ 2,247,461</u>	<u>\$ 195,858</u>	<u>(2,051,603)</u>	<u>(2,051,603)</u>
			\$ 2,156,066	\$ 2,156,066
			410,024	410,024
			<u>2,566,090</u>	<u>2,566,090</u>
			514,487	514,487
			<u>714,026</u>	<u>714,026</u>
			<u>\$ 1,228,513</u>	<u>\$ 1,228,513</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
 SUNED HIGH OF NORTH BROWARD

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

Balance Sheet – Governmental Fund

June 30, 2019

	Governmental Fund - General	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 1,067,626	\$ 38,458	\$ 1,106,084
Accounts receivable	162,768	19,658	182,426
Other assets	69,040	-	69,040
	<b>\$ 1,299,434</b>	<b>\$ 58,116</b>	<b>\$ 1,357,550</b>
Accounts payable and accrued expenses	\$ 131,101	\$ -	\$ 131,101
	<b>131,101</b>	<b>-</b>	<b>131,101</b>
Nonspendable:			
Deposits	41,543	-	41,543
Prepaid expenses	27,497	-	27,497
Spendable:			
Restricted for capital projects	58,116	58,116	58,116
Unassigned	1,099,293	-	1,099,293
	<b>1,168,333</b>	<b>58,116</b>	<b>1,226,449</b>
	<b>\$ 1,299,434</b>	<b>\$ 58,116</b>	<b>\$ 1,357,550</b>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
SUNED HIGH OF NORTH BROWARD

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, 2019

Total fund balance - governmental fund	\$ 1,226,449
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. The cost of the assets are \$487,534 and the accumulated depreciation is \$485,470	<u>2,064</u>
Total net position - governmental activities	<u>\$ 1,228,513</u>

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

## SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

## SUNED HIGH OF NORTH BROWARD

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 Fund

For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Total Funds
<b>REVENUES</b>			
State and local sources	\$ 2,156,066	\$ -	\$ 2,156,066
Capital outlay	-	195,858	195,858
Other revenue	410,024	-	410,024
Total revenues	<u>2,566,090</u>	<u>195,858</u>	<u>2,761,948</u>
<b>EXPENDITURES</b>			
Instruction	618,202	-	618,202
Instructional support services	122,418	-	122,418
Board	45,962	-	45,962
School administration	789,137	-	789,137
Central services	83,784	-	83,784
Food services	23,517	-	23,517
Transportation	77,025	-	77,025
Operation of plant	178,273	195,858	374,131
Maintenance of plant	27,145	-	27,145
Capital outlay	1,100	-	1,100
Total expenditures	<u>1,966,563</u>	<u>195,858</u>	<u>2,162,421</u>
Excess of revenues over expenditures	599,527	-	599,527
<b>OTHER FINANCING SOURCE (USE)</b>			
Forgiveness of related party payable	<u>(324,000)</u>	-	<u>(324,000)</u>
Net change in fund balance	275,527	-	275,527
Fund balance at beginning of year	<u>892,806</u>	<u>58,116</u>	<u>950,922</u>
Fund balance at end of year	<u>\$ 1,168,333</u>	<u>\$ 58,116</u>	<u>\$ 1,226,449</u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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 Fund to the  
Statement of Activities

For the Year Ended June 30, 2019

Net changes in fund balance - total governmental funds	\$ 275,527
Amounts reported for governmental activities in the statement of activities are different because:	
Forgiveness of related party payable	324,000
Governmental funds report capital outlays as expenditures.	1,100
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense of \$86,140 was recorded in the current period.	<u>(86,140)</u>
Change in net position of governmental activities	<u><u>\$ 514,487</u></u>

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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, 2019

1. DESCRIPTION OF SCHOOL AND REPORTING ENTITY

Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward (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 School contracts with Gold Key Group, Inc. for management of day-to-day operations. (See 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 contract was for five years beginning July 1, 2014 and ending June 30, 2019. This contract was renewed for an additional five years beginning July 1, 2019 and ending June 30, 2024. This contract may also be renewed by mutual written agreement between the School and the District.

At the end of the 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 OF NORTH BROWARD

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

Notes to Financial Statements  
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School has 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") 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. It is the School's primary operating fund and 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.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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

Notes to Financial Statements  
(continued)

Fund Financial Statements

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, revenue is recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, 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.

- General Fund – This is the School’s primary operating fund that accounts for all financial resources of the school, except those required to be accounted for in another fund.
- Capital Projects Fund – This fund accounts for capital expenditures.

For purposes of these statements, the General and Capital Project Funds are major funds.

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 a demand deposit account. For purposes of presentation on the Statement of Net Position and the Balance Sheet – Governmental Fund.

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, 2019, these accounts total \$1,106,084. Amounts deposited above the FDIC insured amount equal approximately \$856,084. The School does not anticipate any losses associated with their accounts.

Capital Assets and Depreciation

The School’s capitalization threshold is \$1,000 overall. 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 hardware and software. Amortization of leasehold improvements is charged over the remaining life of the lease.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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

Notes to Financial Statements  
(continued)

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.
- 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 trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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

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 for the first 250 students 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.

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 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,

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Notes to Financial Statements  
(continued)

Income Taxes (continued)

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.

State income taxes, which may be due in certain jurisdictions, have been assessed following the same “more likely than not” measurement threshold. The School’s income tax returns for the tax years 2018, 2017 and 2016 are subject to examination by tax authorities and may change upon examination.

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 requiring 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 September 25, 2019, which is the date the financial statements were available to be issued.

**3. RELATED PARTY TRANSACTIONS**

In August 2014, this School was opened by the Board of Directors of Sunshine Charter Academy of Broward, Inc. SunEd High School in Oakland Park was opened in fiscal year 2013 and has been in operation for seven years. As of June 30, 2018, this relationship ended. Until July 1, 2018, during the routine course of business, invoices and payroll which applied to both schools may have been shared. The amounts are reimbursed to the appropriate school. Also, the school with surplus funds may loan amounts to the other related school. The School tracks these amounts due to or from each related entity or school separately. Amounts due to related party – SunEd of Oakland Park as of June 30, 2016 totaled \$972,138 to SunEd High School. In June 2017, the Board of Directors passed a resolution forgiving approximately one-third (\$324,138) of the intercompany payable at June 30, 2017, one-third (\$324,000) at June 30, 2018, and one-third (\$324,000) at June 30, 2019. These amounts are included as other revenues in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance - governmental fund. At June 30, 2019, no monies were due to SunEd High School - Oakland Park.

Previously, the Board of Directors of Sunshine Charter Academy of Broward, Inc. received approval from the School Board of Broward County to open another school in Fort Lauderdale – SunEd of South Broward. This school opened in August 2019. During the routine course of business, invoices and payroll which apply to both schools may be shared. The amounts are reimbursed to the appropriate school. Also, the school with surplus funds may loan amounts to the other related school. The School tracks these amounts due to or from each related entity or school separately. Amounts due from related party – SunEd of South Broward in Fort Lauderdale equal \$162,768 at June 30, 2019.

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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. OTHER CURRENT ASSETS

Sixty percent (60%) of other current assets are comprised of security deposits of \$41,543. The remaining forty percent (40%) of current assets are comprised of 9,326 (14%) prepaid insurance and \$18,171 (26%) prepaid rent.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
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Notes to Financial Statements  
 (continued)

6. CAPITAL ASSETS AND DEPRECIATION - For the year ended June 30, 2019, the School's capital assets consisted of the following:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Furniture, fixtures and equipment	\$ 48,478	\$ -	\$ 48,478
Computer hardware	37,869	1,100	38,969
Computer software	3,606	-	3,606
Leasehold improvements	396,481	-	396,481
Total	486,434	1,100	487,534
Less accumulated depreciation:			
Furniture, fixtures and equipment	(48,478)	-	(48,478)
Computer hardware	(35,968)	(937)	(36,905)
Computer software	(3,606)	-	(3,606)
Leasehold improvements	(311,278)	(85,203)	(396,481)
Total	(399,330)	(86,140)	(485,470)
Net capital assets	\$ 87,104	\$ (85,040)	\$ 2,064

Depreciation expense of \$86,140 was allocated and charged to the functions listed below in the accompanying Statement of Activities.

Instruction	\$ -
Administration	937
Operations	85,203
Total depreciation expense	\$ 86,140

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

*dba*

SUNED HIGH OF NORTH BROWARD

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Notes to Financial Statements  
(continued)

7. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

For the year ended June 30, 2019, state and local revenues were received as follows:

Florida Education Finance Program	\$ 1,392,229
Class size reduction	299,181
Capital outlay	195,858
Discretionary millage	163,202
ESE guaranteed allocation	81,219
Student transportation	79,391
Supplemental academic instruction	71,504
Instructional materials	24,336
Safe schools	17,209
Reading allocation	13,123
Mental health allocation	7,245
Digital classrooms allocation	4,646
Declining enrollment	1,847
Discretionary lottery	1,055
Funding compression allocation	211
Prior year adjustment	<u>(332)</u>
Total	<u><u>\$ 2,351,924</u></u>

The administration fee paid to the District during the year ended June 30, 2019 totaled \$83,784 based on 5% up to 250 students. The fee is reflected as central services in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund. 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 2019, that difference of \$24,036 was applied to rent.

During fiscal year 2018, pursuant to Section 31 of chapter 2017-116, Laws of Florida (House Bill 7069), codified in Section 1013.62 Florida Statutes (F.S.), school districts were required to distribute local capital improvement revenue (LCIR) to eligible charter schools from the discretionary millage authorized in Section 1011.72(2), F.S. At June 30, 2019, the School has approximately \$58,116 remaining in the capital project fund. Funds received under LCIR may only be used for lawful capital outlay expenditures.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
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Notes to Financial Statements  
(continued)

8. EDUCATIONAL MANAGEMENT PROVIDERS

The Board of Directors entered into a contract with an educational management company, Gold Key Group, Inc., to provide business and educational oversight services to the School. The Board of Directors operates the School independently. Gold Key Group, Inc. works with the Principal to manage the School on a day-to-day basis. The Principal oversees academics and the management company oversees all other operations. The management company's continuing fee is based upon 15% of gross revenues received from the District through the Florida Education Finance Program and various other state revenues. The administration fee paid during the year ended June 30, 2019 totaled \$323,460. The fee is reflected as school administration in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund.

9. 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.

10. 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.

Grants

The School participates in state and federal grant programs which are governed by various rules and regulation of the grantor agencies. Costs 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.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
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Notes to Financial Statements  
 (continued)

Lease commitments

Effective May 2019, the School entered into a 5-year lease agreement for its facility under a noncancelable operating lease. The lease expires June 30, 2024. The lease requires the School to pay initial base rent of \$20,000 per month with a minimum 3% increase each May for the term of the lease. For fiscal year 2019, total expense related to the facility lease amounted to \$275,158.

Future minimum payments under this lease agreement for SunEd High of North Broward (Margate), as well as future minimum payments under the lease agreement for SunEd High of South Broward (Fort Lauderdale) are as follows:

	SunEd High of North Broward MARGATE	SunEd High of South Broward Ft LAUDERDALE	TOTAL
2020	\$ 241,200	\$ 241,200	\$ 482,400
2021	248,236	248,236	496,472
2022	255,890	255,890	511,780
2023	263,572	263,572	527,144
2024	271,482	271,482	542,964
	\$ 1,280,380	\$ 1,280,380	\$ 2,560,760

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
 SUNED HIGH OF NORTH BROWARD

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, 2019

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
State and local sources	\$ 1,717,817	\$ 2,156,000	\$ 2,156,066	\$ 66
School recognition funds	-	16,000	26,885	10,885
Other revenues	-	39,500	383,139	343,639
Total revenues	<u>1,717,817</u>	<u>2,211,500</u>	<u>2,566,090</u>	<u>354,590</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	563,000	550,000	618,202	68,202
Instructional support services	106,000	120,000	122,418	2,418
Board	15,000	47,500	45,962	(1,538)
School administration	572,875	780,000	789,137	9,137
Central services	80,125	84,000	83,784	(216)
Food services	-	24,000	23,517	(483)
Pupil transportation services	75,000	78,000	77,025	(975)
Operation of plant	232,000	95,884	178,273	82,389
Maintenance of plant	13,817	14,000	27,145	13,145
Capital outlay	-	-	1,100	1,100
Total expenditures	<u>1,657,817</u>	<u>1,793,384</u>	<u>1,966,563</u>	<u>173,179</u>
Excess of revenues over expenditures	60,000	418,116	599,527	181,411
Forgiveness of related party payable	-	-	(324,000)	(324,000)
Fund balance at beginning of year	<u>892,806</u>	<u>892,806</u>	<u>892,806</u>	<u>-</u>
Fund balance at end of year	<u>\$ 952,806</u>	<u>\$ 1,310,922</u>	<u>\$ 1,168,333</u>	<u>\$ (142,589)</u>



McCrary & Associates  
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 of North Broward, 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 of North Broward (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, 2019, 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, 2019.

**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.

*McCrary and Associates, PLLC*

Altamonte Springs, Florida  
September 25, 2019

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



McCrary & Associates  
CERTIFIED PUBLIC ACCOUNTANTS

**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 of Sunshine Charter Academy of Broward, Inc. *dba* SunEd High of North Broward, 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 of North Broward (the "School") as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 25, 2019.

**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. There are no prior audit findings to report upon.

**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 of North Broward. The school code is 5861.

**Financial Condition**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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 report the results of our determination as to 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.

*McCrary and Associates, PLLC*

Altamonte Springs, Florida  
September 25, 2019