















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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each 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, 2021, 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 opinion 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 in 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, 2021, 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, 2021, 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, 2021 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 23 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 30, 2021, 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.

*McCrady and Associates, PLLC*

Altamonte Springs, Florida  
September 30, 2021



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, 2021

	Governmental Activities
Assets	
Cash	\$ 1,682,727
Accounts receivable	294,438
Other assets	73,840
Capital assets:	
Leasehold improvements	424,897
Furniture, fixtures and equipment	58,077
Computer hardware	53,289
Computer software	3,606
Less accumulated depreciation	(499,200)
Total capital assets, net	40,669
Total assets	\$ 2,091,674
Liabilities	
Accrued payroll payable	\$ 77,877
Accounts payable and accrued expenses	70,726
Total liabilities	\$ 148,603
Net Position	
Invested in capital assets, net of related debt	\$ 40,669
Unrestricted	1,902,402
Total net position	\$ 1,943,071

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
*dba*  
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A Charter School and Component Unit of the  
 District School Board of Broward County, Florida

Statement of Activities

For the Year Ended June 30, 2021

	Expenses	Operating Grants	Capital Grants	Net (Expenses) Revenues and Changes in Net Position  Governmental Activities
Governmental activities:				
Instruction	\$ 617,577	\$ 69,342	\$ -	\$ (548,235)
Instructional support services	113,709	14,320	-	(99,389)
Board	29,403	-	-	(29,403)
School administration	947,041	4,711	-	(942,330)
Central services	86,163	-	-	(86,163)
Transportation	3,420	-	-	(3,420)
Operation of plant	418,514	27,490	177,227	(213,797)
Maintenance of plant	10,410	-	-	(10,410)
Total primary government	\$ 2,226,237	\$115,863	\$ 177,227	(1,933,147)
			Federal sources	9,950
			State and local sources	2,404,450
			Other revenue	70,273
			Total general revenues	2,484,673
			Change in net position from operations	551,526
			Forgiveness of SBA Loan	165,753
			Forgiveness of intercompany debt	(170,000)
			Net position at beginning of year	1,395,792
			Net position at end of year	\$ 1,943,071

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

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.  
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A Charter School and Component Unit of the  
 District School Board of Broward County, Florida

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Special Revenues Fund	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 1,671,111	\$ 11,616	\$ 1,682,727
Accounts receivable	294,438	-	294,438
Other assets	73,840	-	73,840
<b>Total assets</b>	<b>\$ 2,039,389</b>	<b>\$ 11,616</b>	<b>\$ 2,051,005</b>
<b>Liabilities</b>			
Accrued payroll payable	\$ 66,261	\$ 11,616	\$ 77,877
Accounts payable and accrued expenses	70,726	-	70,726
<b>Total liabilities</b>	<b>136,987</b>	<b>11,616</b>	<b>148,603</b>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Deposits	41,543	-	41,543
Prepaid expenses	32,297	-	32,297
<b>Spendable:</b>			
Unassigned	1,828,562	-	1,828,562
<b>Total fund balance</b>	<b>1,902,402</b>	<b>-</b>	<b>1,902,402</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,039,389</b>	<b>\$ 11,616</b>	<b>\$ 2,051,005</b>

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

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A Charter School and Component Unit of the  
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Reconciliation of Governmental Fund Balance Sheet  
to the Statement of Net Position

June 30, 2021

Total fund balance - governmental fund	\$ 1,902,402
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 \$539,869 and the accumulated depreciation is \$499,200.	
	<u>40,669</u>
Total net position - governmental activities	<u><u>\$ 1,943,071</u></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 OF NORTH BROWARD

A Charter School and Component Unit of the  
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Statement of Revenues, Expenditures and  
 Changes in Fund Balances of Governmental Fund

For the Year Ended June 30, 2021

	General Fund	Special Revenues Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Federal sources	\$ -	\$ 125,813	\$ -	\$ 125,813
State and local sources	2,404,450	-	-	2,404,450
Capital outlay	-	-	177,227	177,227
Other revenues	70,273	-	-	70,273
<b>Total revenues</b>	<b>2,474,723</b>	<b>125,813</b>	<b>177,227</b>	<b>2,777,763</b>
<b>Expenditures</b>				
Instruction	548,235	69,342	-	617,577
Instructional support services	97,001	14,320	-	111,321
Board	29,403	-	-	29,403
School administration	941,580	4,711	-	946,291
Central services	86,163	-	-	86,163
Transportation	3,420	-	-	3,420
Operation of plant	206,333	27,490	177,227	411,050
Maintenance of plant	10,410	-	-	10,410
Capital outlay	38,911	-	-	38,911
<b>Total expenditures</b>	<b>1,961,456</b>	<b>115,863</b>	<b>177,227</b>	<b>2,254,546</b>
Net change in fund balance from operations	513,267	9,950	-	523,217
Transfers in (out)	22,435	(9,950)	(12,485)	-
Proceeds from long-term note payable	165,753	-	-	165,753
Forgiveness of debt	(170,000)	-	-	(170,000)
<b>Total change in fund balance</b>	<b>531,455</b>	<b>-</b>	<b>(12,485)</b>	<b>518,970</b>
Fund balance at beginning of year	1,370,947	-	12,485	1,383,432
<b>Fund balance at end of year</b>	<b>\$ 1,902,402</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,902,402</b>

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

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SUNED HIGH OF NORTH BROWARD

A Charter School and Component Unit of the  
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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, 2021

Net changes in fund balance - total governmental funds	\$ 518,970
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	38,911
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 \$ 10,602 was recorded in the current period.	(10,602)
Change in net position of governmental activities	<u>\$ 547,279</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  
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Notes to Financial Statements

For the Year Ended June 30, 2021

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 8) 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 for five years beginning July 1, 2014 and ending June 30, 2019 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.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities, which provides additional clarity and improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Fiduciary activities include the cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School did not identify fiduciary activities that would materially affect financial statements for this reporting period. The effective implementation date is June 30, 2020.

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Notes to Financial Statements  
(continued)

In June 2017, the GASB issued Statement No. 87, Leases. This pronouncement requires recognition and reporting of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this pronouncement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The cumulative effect of any changes implemented to conform to this pronouncement would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The effective implementation date is June 30, 2021.

In June 2018, the GASB issued Statement No. 89, Capitalized Interest. GASB would now require interest costs incurred during the construction period to be recognized as an expense in the period in which the cost is incurred under the economic resource measurement focus. The date for implementation is June 30, 2021.

However, the GASB issued in May 2020, Statement No 95, Postponement of the Effective Dates of Certain Authoritative Guidance, due to the ramifications of the Pandemic. This pronouncement was effective immediately upon issuance. The School will continue to evaluate these pronouncements with their current situation.

## 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 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.



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)

The funds in the financial statements of this report are the General Fund, Special Revenues Fund and Capital Project Fund. 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. The Special Revenues Fund represents monies related to federal grants related to the COVID-19 pandemic. For purposes of these statements, the General Fund, Special Revenues Fund and Capital Project Fund constitute major funds.

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.

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. Revenues are considered 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.

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. 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, 2021, these accounts total \$1,682,727. Amounts deposited above the FDIC insured amount equal approximately \$1,432,727. 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 with half-year convention over three years, except for leasehold improvements. Amortization of leasehold improvements is charged over the remaining life of the lease.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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SUNED HIGH OF NORTH BROWARD

A Charter School and Component Unit of the  
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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.

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.

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Notes to Financial Statements  
(continued)

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.

The School is eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net assets and restricted fund balance in the accompanying Statement of Net Position and Balance Sheet – Governmental Funds, respectively.

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, have a greater than 50% chance of realization in the event of an IRS audit.

The School's income tax returns for the tax years 2019, 2018 and 2017 are subject to examination by tax authorities and may change upon examination. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

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Notes to Financial Statements  
(continued)

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

Guidance has been adopted 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 September 30, 2021, which is the date the financial statements were available to be issued.

3. RELATED PARTY TRANSACTIONS

In August 2014, this School was opened as SunEd High of North Broward by the Board of Directors of Sunshine Charter Academy of Broward, Inc. SunEd High of South Broward was opened in FY20. During the routine course of business, invoices and payroll which applied to both schools may have been paid by a single entity. The amounts are reimbursed to the appropriate school. The School tracks these amounts due to or from each related school separately. Amounts due from related party – SunEd High of South Broward as of June 30, 2020 totaled \$464,438. The Board of Directors passed a resolution forgiving approximately \$175,000 of the intercompany payable at June 30, 2020 and forgiving \$170,000 of the intercompany payable at June 30, 2021. The amount is included after net income from operations in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance - governmental fund.

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.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.

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Notes to Financial Statements  
(continued)

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

Fifty-six percent (56%) of other current assets is comprised of security deposits of \$41,543. The remaining forty-four percent (44%) of current assets is comprised of 11,311 (15%) prepaid insurance, \$18,868 (26%) prepaid rent and \$2,118 (3%) other prepaid expenses.

6. CAPITAL ASSETS AND DEPRECIATION - For the year ended June 30, 2021, the School's capital assets consisted of the following:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Furniture, fixtures and equipment	\$ 48,478	\$ 9,599	\$ 58,077
Computer hardware	38,969	14,320	53,289
Computer software	3,606	-	3,606
Leasehold improvements	409,906	14,992	424,898
Total	<u>\$ 500,959</u>	<u>\$ 38,911</u>	<u>\$ 539,870</u>
Less accumulated depreciation:			
Furniture, fixtures and equipment	\$ (48,478)	\$ (1,589)	\$ (50,067)
Computer hardware	(38,021)	(3,137)	(41,158)
Computer software	(3,606)	-	(3,606)
Leasehold improvements	(398,494)	(5,876)	(404,370)
Total	<u>(488,599)</u>	<u>(10,602)</u>	<u>(499,201)</u>
Net capital assets	<u>\$ 12,360</u>	<u>\$ 28,309</u>	<u>\$ 40,669</u>

Depreciation and amortization expense of \$10,602 was allocated and charged to the functions listed below in the accompanying Statement of Activities.

Instructional Support Services	\$ 2,388
Administration	750
Operations	7,464
Total depreciation expense	<u>\$ 10,602</u>

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)

7. ACCOUNTS PAYABLE

Total current accounts payable of \$148,603 are represented by accrued salaries of \$77,877 (52%) and other operating accounts payable of \$57,810 (39%) and a \$1,300 (1%) scholarship payable to graduating students. An additional eight percent (8%) is represented by advances received related to grants.

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. 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. Administrative fees paid during the year ended June 30, 2021 totaled \$360,548. 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. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

For the year ended June 30, 2021, state and local revenues were received as follows:

Florida Education Finance Program	\$ 1,569,767
Class size reduction	322,742
Discretionary millage	202,847
Capital outlay	177,227
Student transportation	81,144
ESE guaranteed allocation	80,180
Supplemental academic instruction	77,228
Instructional materials	27,074
Safe schools	21,639
Reading allocation	14,411
Mental health allocation	11,862
Funding compression allocation	1,835
Digital classrooms allocation	223
Prior year adjustment	392
Proration to appropriation	<u>(6,894)</u>
Total	<u>\$ 2,581,677</u>

The administration fee paid to the District during the year ended June 30, 2021 totaled \$86,163 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 FY21, that difference of \$34,040 was applied to rent.

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)

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.

11. 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.

Lease commitments

Effective May 2019, the School entered into a 5-year lease agreement for its facility under a noncancelable operating lease expiring June 30, 2024. The lease required 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 FY21, total expense related to the facility lease amounted to \$306,180.

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
FY22	\$ 255,890	\$ 215,826	\$ 471,716
FY23	263,572	222,302	485,874
FY24	271,482	228,972	500,454
	<u>\$ 790,944</u>	<u>\$ 667,100</u>	<u>\$ 1,458,044</u>

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, 2021

	Original Budget	Actual	Variance
<i>Enrollment</i>	336.41	348.77	12.36
<b>Revenues</b>			
Federal sources	\$ -	\$ 125,813	\$ 125,813
State and local sources	2,301,585	2,404,450	102,865
Capital outlay	160,000	177,227	17,227
Other revenues	415	70,273	69,858
<b>Total revenues</b>	<b>2,462,000</b>	<b>2,777,763</b>	<b>315,763</b>
<b>Expenditures</b>			
Instruction	595,200	617,577	22,377
Instructional support services	135,800	111,321	(24,479)
Board	30,000	29,403	(597)
School administration	895,500	947,291	50,791
Central services	85,000	86,163	1,163
Pupil transportation services	60,000	3,420	(56,580)
Operation of plant	380,500	411,050	30,550
Maintenance of plant	25,000	10,410	(14,590)
Capital outlay	-	38,911	38,911
<b>Total expenditures</b>	<b>2,207,000</b>	<b>2,254,546</b>	<b>47,546</b>
Excess of revenues over expenditures	255,000	523,217	268,217
Forgiveness of SBA Loan	-	165,753	165,753
Forgiveness of intercompany debt	-	(170,000)	(170,000)
Net change in fund balance	255,000	518,970	263,970
Fund balance at beginning of year	1,383,432	1,383,432	-
Fund balance at end of year	<u>\$ 1,638,432</u>	<u>\$ 1,902,402</u>	<u>\$ 263,970</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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 30, 2021.

**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 30, 2021

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

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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, 2021, and have issued our report thereon dated September 30, 2021.

**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.

**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 30, 2021