
NEW LIFE CHARTER ACADEMIES, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

NEW LIFE CHARTER ACADEMIES, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Governmental Fund Balance Sheet	7
Statement of Net Position	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	9
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	10
Statement of Activities	11
Reconciliation of Statement of Revenues, Expenditures, And Changes in Fund Balance of Governmental Fund to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types	13
Notes to Financial Statements	14-21
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Management Letter	24-26

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

INDEPENDENT AUDITOR'S REPORT

To the Board Members of New Life
Charter Academies, Inc.
3260 Stirling Road
Hollywood, Florida 33021

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of New Life Charter Academies, Inc. ("the Academies") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2017, which collectively comprise the Academies' basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academies. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Academies as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 18, 2017, on my consideration of the Academies' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 18, 2017

**NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Our discussion and analysis of New Life Charter Academies, Inc. (“the Academies”) financial program provides an overview of the Academy’s financial activities for the year ended June 30, 2017.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Academies’ financial statements, which begin on page 7.

For financial statement purposes the Academies is considered a component unit of The School Board of Broward County, which is a primary government entity for financial reporting. The Academies has included separate statements for the Governmental Fund Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Position and the Statement of Activities reports provide information on the activities of the Academies. The Fund Financial Statements reflect financing activities of the Academies by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The Academies’ daily enrollment for fiscal year ended June 30, 2017 was 83 students. The Academies expects to have an enrollment of 152 students for the school year 2017-2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academies’ financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are recorded when earned or incurred.

The Statement of Net Position presents information on all of the Academies’ assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academies is improving or deteriorating.

The Statement of Activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

**NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the Academies' basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academies' governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academies' financial position. The Academies' assets exceeded liabilities by \$112,988 at June 30, 2017.

NET ASSETS

	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>
Current and Other Assets	59,883	151,200
Capital Assets	148,495	159,347
Total Assets	208,378	310,547
Other Liabilities	95,390	295,163
Total Liabilities	95,390	295,163
Investment in Capital Assets	148,495	159,347
Restricted	4,949	-
Unrestricted	(40,456)	(143,963)
Total Net Position	112,988	15,384

Revenues from governmental activities totaled \$791,192 for the year ended June 30, 2017. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 86.9% of total governmental revenue.

**NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/17</u>	<u>% of Total 6/30/17</u>	<u>6/30/16</u>	<u>% of Total 6/30/16</u>
State Sources	\$ 689,484	77.4	\$ 655,486	67.2
Federal Sources	101,708	11.4	273,518	28.0
Local Sources	100,032	11.2	47,106	4.8
TOTAL	\$ 891,224	100.0	\$ 976,110	100.0

Federal revenue sources are primarily Charter Schools, Public Charter Schools Program (CSP) Grant and the National School Lunch Program (NSLP). Increases in levels of expenses for major functions of the Academies are shown in the following table:

<u>Expense</u>	<u>6/30/17</u>	<u>% of Total 6/30/17</u>	<u>6/30/16</u>	<u>% of Total 6/30/16</u>
Instruction	\$ 275,218	34.4	\$ 291,716	31.0
Instructional Support Services	67,795	8.5	159,478	17.0
Board Services	9,079	1.1	12,550	1.3
School Administration	146,738	18.4	186,536	19.9
General Administration	34,383	4.3	32,719	3.5
Fiscal Services	34,342	4.3	29,148	3.1
Food Services	53,994	6.8	49,148	5.2
Central Services	420	0.1	5,168	.6
Pupil Transportation	700	0.1	1,565	.2
Operation of Plant	145,843	18.2	152,579	16.2
Debt Service	6,000	0.8	-	-
Community Services	6,263	0.8	2,815	.3
Depreciation	18,845	2.2	16,138	1.7
TOTAL	\$ 799,620	100.0	\$ 939,560	100.0

BUDGETARY HIGHLIGHTS

State and Federal revenues were approximately \$17,000 more than budgeted amounts, primarily due to additional funds through the National School Lunch Program.

Local revenues were greater than budgeted by approximately \$77,000 due to the forgiveness of a loan from the founder.

Expenditures were \$27,000 greater than budget primarily because school administration costs were under budgeted.

Total fund deficit of the General Fund was (\$35,507) at June 30, 2017.

NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSETS

The Academies' investment in capital assets at June 30, 2017 was \$148,495 (net of depreciation). The investment includes leasehold improvements, furniture and equipment and computer software and equipment. The following is a summary of capital assets balances at June 30, 2017.

Furniture and Equipment	\$ 168,094
Leasehold Improvements	21,662
Computer Equipment	1,279
	<hr/>
	191,035
Less Accumulated Depreciation	42,540
	<hr/>
	<u>\$ 148,495</u>

PROSPECTS FOR THE FUTURE

The Academies continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- The Administration believes that the Academies will achieve a higher rating from the Department of Education.
- The Administration believes that the Academy will achieve their budgeted enrollment.
- The Administration believes that the Academies will continue to be successful and contribute to the educational requirements of Broward County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academies. Requests for additional information should be addressed to Shirley Brunache, Principal, at 3550 Davie Blvd., Fort Lauderdale, Florida 33312.

NEW LIFE CHARTER ACADEMY INC.
Governmental Fund Balance Sheet
June 30, 2017

	Governmental Funds	Special Revenue Funds	Total
ASSETS			
Cash	\$43,055		\$43,055
Other current assets	1,275		1,275
Due from other funds	(4,949)	4,949	
Deposits	15,553		15,553
Total Assets	54,934	4,949	59,883
LIABILITIES			
Accounts Payable	26,390		26,390
Other Liabilities	69,000		69,000
Total Liabilities	95,390		95,390
FUND BALANCE			
Restricted		4,949	4,949
Unassigned	(40,456)		(40,456)
	(40,456)	4,949	(35,507)
Total Liabilities and Fund Balance	\$54,934	\$4,949	\$59,883

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMY INC.
STATEMENT OF NET POSITION
Year ended June 30, 2017

	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
ASSETS				
Cash and Cash Equivalents	1110	43,055		43,055
Accounts Receivable, Net	1130			
Deposits	1210	15,553		15,553
Other current assets	12XX	1,275		1,275
Capital Assets:				
Less Accumulated Depreciation	1329			
Furniture, Fixtures and equipment	1340	191,035		191,035
Less Accumulated Depreciation	1349	(42,540)		(42,540)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382			
Less Accumulated Depreciation	1389			
Total Assets		208,378		208,378
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	26,390		26,390
Other Liabilities	2180	69,000		
Total Liabilities		95,390		95,390
NET POSITION				
Invested in Capital Assets, Net of Related Debt		148,495		148,495
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Restricted		4,949		4,949
Unrestricted		(40,456)		(40,456)
Total Net Position		112,988		112,988

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMY INC.
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Position
June 30, 2017

Fund Balance- Governmental Funds		(\$35,507)
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	191,035	
Less accumulated depreciation	<u>(42,540)</u>	
		148,495
<p>Some expenses reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.</p>		
Net Position of Governmental Activities		<u><u>\$112,988</u></u>

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMY INC.
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2017

	Governmental Funds	Special Revenue	Total
EXPENSES			
Instructional Services	\$232,793	\$42,425	\$275,218
Instructional Support Services	67,295	500	67,795
Board	9,079		9,079
School Administration	153,382		153,382
General Administration	34,383		34,383
Fiscal Services	34,036	306	34,342
Food Services	160	53,834	53,994
Central Services	420		420
Pupil Transportation Services	700		700
Operation of Plant	147,192		147,192
Community services Services	6,263		6,263
Debt Service	6,000		6,000
Capital Expenditures			
Total Expenses	691,703	97,065	788,768
PROGRAM REVENUES			
Florida Education Finance Program (FEFP)	687,871		687,871
Total Program Revenues	687,871		687,871
GENERAL REVENUES			
Other Federal sources		101,708	101,708
Other State sources	1,613		1,613
Other local sources	100,032		100,032
Total General Revenues	101,645	101,708	203,353
Excess of Revenues over expenses	97,813	4,643	102,456
Other Financing Sources	6,000		6,000
Net change in Fund Balance	103,813	4,643	108,456
Fund balance, beginning of Year	(144,269)	306	(143,963)
Fund balance, end of year	(\$40,456)	\$ 4,949	(\$35,507)

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMY INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS	Account Number	Expenses	Charges for Services	Program Revenues		Net (expense) /revenues and Changes in Net Position		Total
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
Instruction	5000	\$275,218	\$	42,925		(232,293)		(\$232,293)
Instructional Support Services	6400	67,795	\$	1,613		(66,182)		(66,182)
Board Services	7100	9,079				(9,079)		(9,079)
General Administration	7200	34,383				(34,383)		(34,383)
School Administration	7300	146,738				(146,738)		(146,738)
Fiscal Services	7500	34,342				(34,342)		(34,342)
Food services	7600	53,994		58,783		4,789		4,789
Central Services	7700	420				(420)		(420)
Pupil Transportation Services	7800	700				(700)		(700)
Operation of Plant	7900	145,843				(145,843)		(145,843)
Community services	9100	6,263				(6,263)		(6,263)
Debt Service	9200	6,000				(6,000)		(6,000)
Unallocated Depreciation Expense *		18,845				(18,845)		(18,845)
total governmental activities		799,620		103,321		(696,299)		(696,299)
Taxes:								
						687,871		687,871
						106,032		106,032
						<u>793,903</u>		<u>793,903</u>
						97,604		97,604
						<u>15,384</u>		<u>15,384</u>
						<u><u>\$112,988</u></u>		<u><u>\$112,988</u></u>

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The accompanying notes are an integral part of this statement

**PANACEA PREP CHARTER SCHOOL INC.
NEW LIFE CHARTER ACADEMY INC.
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2017**

Net Changes in Fund Balances- Governmental Funds \$108,456

Amounts reported for governmental activities in the statement of net position are different because: Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	7,993	
Less current year depreciation	<u>(18,845)</u>	(10,852)

Change in Net Position of Governmental Activities \$97,604

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMY INC.
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2017

	Special Revenue						TOTAL		
	Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:									
Instructional Services	\$228,478	\$232,793	\$4,315	\$38,000	\$42,425	\$4,425	\$266,478	\$275,218	\$8,740
Instructional Support Services	69,447	67,295	(2,152)		500	500	69,447	67,795	(1,652)
Board Fees	7,550	9,079	1,529				7,550	9,079	1,529
General Administration	34,061	34,383					34,061	34,383	322
School Administration	113,105	153,382	40,277				113,105	153,382	40,277
Fiscal Services	29,400	34,036	4,636		306		29,400	34,342	4,942
Food Services		160		54,000	53,834	(166)	54,000	53,994	(6)
Central Services	420	420					420	420	
Pupil Transportation Services		700	700					700	700
Operation of Plant	141,997	147,192	5,195				141,997	147,192	5,195
Community services Services	15,756	6,263	(9,493)				15,756	6,263	(9,493)
Debt Service	30,000	6,000	(24,000)				30,000	6,000	(24,000)
	<u>670,214</u>	<u>691,703</u>	<u>21,007</u>	<u>92,000</u>	<u>97,065</u>	<u>4,759</u>	<u>762,214</u>	<u>788,768</u>	<u>26,554</u>
PROGRAM REVENUES:									
Florida Education Finance Program	681,219	687,871	6,652				681,219	687,871	6,652
	<u>681,219</u>	<u>687,871</u>	<u>6,652</u>				<u>681,219</u>	<u>687,871</u>	<u>6,652</u>
GENERAL REVENUES:									
Other federal sources				92,000	101,708	9,708	92,000	101,708	9,708
Other State Sources	1,100	1,613	513				1,300	1,613	313
Other Local Sources	23,195	100,032	76,837				23,195	100,032	76,837
	<u>24,295</u>	<u>101,645</u>	<u>77,350</u>	<u>92,000</u>	<u>101,708</u>	<u>9,708</u>	<u>116,495</u>	<u>203,353</u>	<u>86,858</u>
Excess of Expenditures over Revenues	<u>\$ 35,300</u>	<u>97,813</u>	<u>\$62,995</u>	<u>\$ -</u>	<u>\$ 4,643</u>	<u>\$ 4,949</u>	<u>\$35,500</u>	<u>102,456</u>	<u>\$66,956</u>
Other Financing sources		<u>6,000</u>						<u>6,000</u>	
net change in Fund Balance		103,813						108,456	
Fund Balance, Beginning of Year		<u>(144,269)</u>			<u>306</u>			<u>(143,963)</u>	
Fund Balance, End of year		<u><u>(\$40,456)</u></u>			<u><u>\$ 4,949</u></u>			<u><u>(\$35,507)</u></u>	

The accompanying notes are an integral part of this statement

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

New Life Charter Academies, Inc. (“the Academies”) was established as a nonprofit organization on July 19, 2012, under the laws of the State of Florida and is the reporting entity.

The Academies operate as a Charter School pursuant to a Charter School Contract (“the Contract”) with The School Board of Broward County, Florida. Under the Contract the Academies provide an education to children, from Kindergarten through the fifth grade, who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the Academies is considered a component unit of The School Board of Broward County, which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee. The Contract is effective through June 30, 2020. The Contract requires The School Board to provide the Academies’ primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academies.

The Academies is a tax-exempt organization under 501(C)(3) of the Internal Revenue Code.

The Academies’ financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Academies are discussed below.

Basic Financial Statements

The Academies’ basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the Academies are classified as governmental type activities. There are no business type activities of the Academies. All the Academies’ governmental activities are included in the general fund. There are no other major funds. In the Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Academies’ net position are reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

The Statement of Activities reports both the gross and net cost of each of the Academies’ functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (cont'd.)

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

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

Special Revenue Fund – accounts for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the Academies to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus (Cont'd.)

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the Academies consider revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the Academies to concentrations of credit risk include cash. While the Academies attempt to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The Academies have not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories in accordance with Chapter 280, Florida Statutes.

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements.

The Academies measure the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value measurements 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 asset 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.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Contributed Services and Facilities

The Academies do not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the Academies’ program services.

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 (i.e. salaries, purchased services, and capital outlay).

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d.)

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Equipment	5-10 Years

Revenue Sources

Revenues for operations are received primarily from The School Board of Broward County pursuant to the funding provisions included in the Academies’ Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the Academies will report the number of full-time equivalent (FTE) students and related data to The School Board of Broward County. Funding for the Academies is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the Academies during the designated full-time equivalent student survey periods. In addition, the Academies receive an annual allocation of Charter School Capital Outlay Funds for leasing of school facility.

Fund Balance Classifications

GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There was no nonspendable fund balance at year end.
- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There was a restricted fund balance at year end.
- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Academies’ highest level of decision making authority. There was no committed fund balance at year end.

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the Academies' Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund deficit at year end.

Order of Fund Balance Spending Policy

The Academies' policy is to apply expenditures against nonspendable fund balance, followed in order by restricted fund balance, committed fund balance, assigned fund balance, and lastly unassigned fund balance at the end of the fiscal year. The Academies' Board of Directors can deviate from this policy if it is in the best interest of the Academies.

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Furniture and Equipment	\$ 160,101	\$ 7,993	\$ -	\$ 168,094
Leasehold Improvements	21,662	-	-	21,662
Computer Equipment	1,279	-	-	1,279
	183,042	7,993	-	191,035
Less Accumulated Depreciation	23,695	18,845	-	42,540
NET CAPITAL ASSETS	\$ 159,347	\$ (10,852)	\$ -	\$ 148,495

Depreciation expense of \$18,845 was charged during the year ended June 30, 2017.

Beginning balance was adjusted to reflect actual balance.

NOTE 3 – COMPENSATED ABSENCES

Employees of the Academies are entitled to paid vacation and sick days depending on length of services. The Academies' policy is to recognize the cost of vacation days when earned by the employees. The current policy of the Academies is that vacation days not used during the calendar year are forfeited. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Academies lease its administrative and classroom facilities under a non cancelable operating lease that expires in 2018. Annual rental expenses were approximately \$95,288 for the year ended June 30, 2017. Future minimum payments under this lease, assuming the lease will be renewed, are as follows:

June 30,	
2018	162,000
2019	167,000
2020	172,000
2021	177,000
2022	182,000
	<u>\$ 860,000</u>

Risk Management

The Academies is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Academies purchase commercial insurance for all material risks of loss to which the Academies are exposed, including general liability, property, auto and workers compensation. A review of the last three years reveals that settled claims have not exceeded insurance coverage.

The Academies receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter Academies. The data is compiled by the Academies and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the Academies.

NOTE 5 – OTHER LIABILITIES

Other liabilities are advances made to the Academy by KEM Consulting LLC. The balance on these advances at June 30, 2017 was \$69,000.

NOTE 6 – MANAGEMENT AGREEMENT

The Academy has an Education Consulting Agreement with Charter Schools International (CSI) to manage its operations by providing consulting services for curriculum development, overview of fiscal services, hiring of personnel, development, and research of vendors doing business with the school. The agreement is for a period of three years and ended on 30, 2017. In exchange for these services CSI receives 12% of the School's FTE revenue. The total amount paid under this contract for the year ended June 30, 2017 was approximately \$36,000.

NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 18, 2017. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

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 Members of New Life
Charter Academies, Inc
3260 Stirling Road
Hollywood, FL 33021

I have audited the financial statements of New Life Charter Academies, Inc. (“the Academies”) (a non-profit organization) as of and for the year ended June 30, 2017, and have issued my report thereon dated September 18, 2017. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Academies’ internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academies’ internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Academies’ internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**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 (Cont'd.)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academies' financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This Report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Monk Croffey, P. A.

Palm Beach Gardens, Florida
September 18, 2017

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of New Life
Charter Academies, Inc.
3260 Stirling Road
Hollywood, Florida 33021

Report on the Financial Statements

I have audited the financial statements of the New Life Charter Academies, Inc., Florida, (“the Academies”) as of and for the fiscal year ended June 30, 2017, and have issued my report thereon dated September 18, 2017.

Auditor’s Responsibility

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

Other Reports and Schedules

I have issued my 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, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is New Life Charter Academies, Inc.

MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not the New Life Charter Academies, Inc., 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 my audit, I determined that the New Life Charter Academies, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

In February 2017, the Broward County School Board placed the school on a Financial Recovery Plan because they felt that the school met one or more of the criteria for Financial Emergency as outlined in Section 218.503 of Florida Statutes as of the year ended June 30, 2016. At that time the school had a deficit fund balance of \$143,963. Due to cost saving measures such as salary reductions, and the loan forgiveness of the school by the founder the deficit at June 30, 2017 was reduced to \$35,507.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, I applied financial condition assessment procedures for the New Life Charter Academies, Inc. It is management's responsibility to monitor the New Life Charter Academies' financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the New Life Charter Academies' financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the New Life Charter Academies, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the New Life Charter Academies, Inc. 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 I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I 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 my audit, I did not have any such findings.

Purpose of this Letter

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

Mark Escoffery, P.A.

Mark Escoffery, P.A.
September 18, 2017