
NEW LIFE CHARTER ACADEMIES, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

NEW LIFE CHARTER ACADEMIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of New Life
Charter Academies, Inc.
3550 Davie Boulevard
Ft. Lauderdale, Florida 33312

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, 2018, 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, 2018, 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 12, 2018, 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 12, 2018

NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018.

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, 2018 was 123 students. The Academies expects to have an enrollment of 196 students for the school year 2018-2019.

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, 2018**

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 14-20 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 \$154,079 at June 30, 2018.

NET ASSETS

	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
Current and Other Assets	100,969	59,883
Capital Assets	141,160	148,495
Total Assets	242,129	208,378
Other Liabilities	88,050	95,390
Total Liabilities	88,050	95,390
Investment in Capital Assets	141,160	148,495
Restricted	18,919	4,949
Unrestricted	(6,000)	(40,456)
Total Net Position	154,079	112,988

Revenues from governmental activities totaled \$1,162,017 for the year ended June 30, 2018. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 80.9% of total governmental revenue.

**NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/18</u>	<u>% of Total 6/30/18</u>	<u>6/30/17</u>	<u>% of Total 6/30/17</u>
State Sources	\$ 1,010,895	85.7	\$ 689,484	77.4
Federal Sources	151,122	12.8	101,708	11.4
Local Sources	17,295	1.5	100,032	11.2
TOTAL	\$ 1,179,312	100.0	\$ 891,224	100.0

Federal revenue sources are primarily the Natural 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>6/30/18</u>	<u>% of Total 6/30/18</u>	<u>6/30/17</u>	<u>% of Total 6/30/17</u>
Instruction	\$ 356,868	31.1	\$ 275,218	34.4
Instructional Support Services	46,341	4.0	67,795	8.5
Board Services	10,028	.9	9,079	1.1
School Administration	167,260	14.6	146,738	18.4
General Administration	46,925	4.1	34,383	4.3
Fiscal Services	41,789	3.6	34,342	4.3
Food Services	88,389	7.7	53,994	6.8
Central Services			420	0.1
Pupil Transportation	79,100	6.9	700	0.1
Operation of Plant	286,138	24.9	145,843	18.2
Debt Service			6,000	0.8
Community Services	10,922	1.0	6,263	0.8
Depreciation	13,477	1.2	18,845	2.2
TOTAL	\$ 1,147,237	100.0	\$ 799,620	100.0

BUDGETARY HIGHLIGHTS

State and revenues were approximately \$54,000 more than budgeted amounts, primarily due to additional funds received for Capital Outlay in the amount of \$37,000 and through the FEFP program which generated approximately \$12, 000 more than budget.

Federal and Local revenues were greater than budgeted by approximately \$17,000 due to National School Lunch Program and fundraising.

Expenditures were \$17,000 greater than budget primarily because school administration and instruction costs were under budgeted.

Total fund deficit of the General Fund was (\$6,000) at June 30, 2018.

NEW LIFE CHARTER ACADEMIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSETS

The Academies' investment in capital assets at June 30, 2018 was \$141,160 (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, 2018.

Furniture and Equipment	\$ 168,094
Leasehold Improvements	27,804
Computer Equipment	<u>1,279</u>
	197,177
Less Accumulated Depreciation	<u>56,017</u>
	<u>\$ 141,160</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 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, New Life Charter Academy at 3550 Davie Boulevard, Ft. Lauderdale, Florida 33312.

NEW LIFE CHARTER ACADEMIES, INC.
Governmental Fund Balance Sheet
June 30, 2018

	Governmental Funds	Special Revenue Funds	Capital Outlay	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$55,057			\$55,057
Other current assets	23,293			23,293
Due from other agencies	2,468	6,251		8,719
Due from other funds	(14,500)	14,500		
Deposits	13,900			13,900
Total Assets	<u>80,218</u>	<u>20,751</u>	<u> </u>	<u>100,969</u>
LIABILITIES				
Accounts Payable	29,218	1,832		31,050
Other Liabilities	57,000			57,000
Total Liabilities	<u>86,218</u>	<u>1,832</u>	<u> </u>	<u>88,050</u>
FUND BALANCE				
Restricted		18,919		18,919
Committed				0
Unassigned	(6,000)			(6,000)
	<u>(6,000)</u>	<u>18,919</u>	<u> </u>	<u>12,919</u>
Total Liabilities and Fund Balance	<u>\$80,218</u>	<u>\$20,751</u>	<u>\$ -</u>	<u>\$100,969</u>

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMIES, INC.
STATEMENT OF NET POSITION
Year ended June 30, 2018

	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
Cash and Cash Equivalents	1110	55,057		55,057
Due from other funds	1130	8,719		8,719
Deposits	1210	13,900		13,900
Other current assets	12XX	23,293		23,293
Capital Assets:				
Less Accumulated Depreciation	1329			
Furniture, Fixtures and equipment	1340	195,898		195,898
Less Accumulated Depreciation	1349	(55,941)		(55,941)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382	1,279		1,279
Less Accumulated Depreciation	1389	(76)		(76)
Total Assets		242,129		242,129
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	31,050		31,050
Other Liabilities	2180	57,000		57,000
Total Liabilities		88,050		88,050
NET POSITION				
Invested in Capital Assets, Net of Related Debt		141,160		141,160
Restricted For:				
Committed				
Restricted		18,919		18,919
Unrestricted		(6,000)		(6,000)
Total Net Position		154,079		154,079

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMIES, INC.
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Position
June 30, 2018

Fund Balance- Governmental Funds \$12,919

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

Governmental capital assets	197,177	
Less accumulated depreciation	<u>(56,017)</u>	141,160

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.

Net Position of Governmental Activities \$154,079

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMIES, INC.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year ended June 30, 2018

	Governmental Funds	Special Revenue	Capital Outlay	Total
EXPENSES				
Instructional Services	\$350,297	\$6,571		\$356,868
Instructional Support Services	4,699	41,642		46,341
Board	10,028			10,028
School Administration	166,710	550		167,260
General Administration	46,925			46,925
Fiscal Services	41,789			41,789
Food Services		88,389		88,389
Pupil Transportation Services	79,100			79,100
Operation of Plant	224,436		59,303	283,739
Community services Services	10,447			10,447
Debt Service				
Capital Expenditures				
Total Expenses	<u>934,431</u>	<u>137,152</u>	<u>59,303</u>	<u>1,130,886</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	940,393			940,393
Capital Outlay			59,303	59,303
Total Program Revenues	<u>940,393</u>	<u></u>	<u>59,303</u>	<u>999,696</u>
GENERAL REVENUES				
Other Federal sources		151,122		151,122
Other State sources	11,199			11,199
Other local sources	17,295			17,295
Total General Revenues	<u>28,494</u>	<u>151,122</u>	<u></u>	<u>179,616</u>
Excess of Revenues over expenses	34,456	13,970		48,426
Other Financing Sources				
Net change in Fund Balance	<u>34,456</u>	<u>13,970</u>	<u></u>	<u>48,426</u>
Fund balance, beginning of Year	(40,456)	4,949		(35,507)
Fund balance, end of year	<u>(\$6,000)</u>	<u>\$ 18,919</u>	<u>\$ -</u>	<u>\$12,919</u>

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$356,868		\$ 5,833	\$ 44,931	\$ (306,104)		\$ (306,104)
Instructional Support Services	6400	46,341				(46,341)		(46,341)
Board Services	7100	10,028				(10,028)		(10,028)
General Administration	7200	46,925				(46,925)		(46,925)
School Administration	7300	167,260				(167,260)		(167,260)
Fiscal Services	7500	41,789				(41,789)		(41,789)
Food services	7600	88,389		106,191		17,802		17,802
Pupil Transportation Services	7800	79,100				(79,100)		(79,100)
Operation of Plant	7900	286,138	404		59,303	(226,431)		(226,431)
Community services	9100	10,922	8,612			(2,310)		(2,310)
Unallocated Depreciation Expense *		13,477				(13,477)		(13,477)
total governmental activities		1,147,237	9016.00	112,024	104,234	(921,963)		(921,963)

Taxes:

Florida Education Finance Program (FEFP)	940,393	940,393
Grants and contributions not restricted to specific programs	22,661	22,661
Total general revenues, special items, and transfers	963,054	963,054
Change in net position	41,091	41,091
Net position-beginning	112,988	112,988
Net position-ending	\$ 154,079	\$ 154,079

* 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

NEW LIFE CHARTER ACADEMIES, INC.
Expenditures and Changes in Fund Balances
of Governmental Fund To The
Statement of Activities
June 30, 2018

Net Changes in Fund Balances- Governmental Funds	\$48,426
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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.

	6,142	
Expenditures for capital assets	6,142	
Less current year depreciation	(13,477)	
		(7,335)

Change in Net Position of Governmental Activities	<u>\$41,091</u>
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The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMIES, INC.
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2018

	Special Revenue									TOTAL		
	Original and Final			Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:												
Instructional Services	\$332,181	\$350,297	\$18,116	\$3,718	\$6,571	\$2,853				\$335,899	\$356,868	\$20,969
Instructional Support Services	7,864	4,699	(3,165)	41,858	41,642	(216)				49,722	46,341	(3,381)
Board Fees	8,524	10,028	1,504							8,524	10,028	1,504
General Administration	46,445	46,925								46,445	46,925	480
School Administration	147,550	166,710	19,160		550					147,550	167,260	19,710
Fiscal Services	36,552	41,789	5,237							36,552	41,789	5,237
Food Services				92,015	88,389	(3,626)				92,015	88,389	(3,626)
Pupil Transportation Services	72,000	79,100	7,100							72,000	79,100	7,100
Operation of Plant	245,213	224,436	(20,777)				21,711	59,303	37,592	266,924	283,739	16,815
Community services Services	10,990	10,447	(543)							10,990	10,447	(543)
Debt Service	46,800		(46,800)							46,800	0	(46,800)
	954,119	934,431	(20,168)	137,591	137,152	(989)	21,711	59,303	37,592	1,113,421	1,130,886	17,465

The accompanying notes are an integral part of this statement

NEW LIFE CHARTER ACADEMIES, INC.
In Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types
For the Fiscal Year Ended June 30, 2018

	Special Revenue									TOTAL		
	Original and Final			Original and Final			Original and Final			Original and Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
PROGRAM REVENUES:												
Florida Education Finance Program	928,892	940,393	11,501							928,892	940,393	11,501
Capital Outlay							21,711	59,303	37,592	21,711	59,303	37,592
	<u>928,892</u>	<u>940,393</u>	<u>11,501</u>				<u>21,711</u>	<u>59,303</u>	<u>37,592</u>	<u>950,603</u>	<u>999,696</u>	<u>49,093</u>
GENERAL REVENUES:												
Other federal sources				145,576	151,122	5,546				145,576	151,122	5,546
Other State Sources	11,200	11,199	(1)							11,200	11,199	(1)
Other Local Sources	6,100	17,295	11,195							6,100	17,295	11,195
	<u>17,300</u>	<u>28,494</u>	<u>11,194</u>	<u>145,576</u>	<u>151,122</u>	<u>5,546</u>				<u>162,876</u>	<u>179,616</u>	<u>16,740</u>
Excess of Expenditures over Revenue	<u>\$ (7,927)</u>	<u>34,456</u>	<u>\$42,863</u>	<u>\$ 7,985</u>	<u>\$ 13,970</u>	<u>\$ 6,535</u>	<u>\$0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$58</u>	<u>48,426</u>	<u>\$48,368</u>
Net change in Fund Balance		<u>34,456</u>			<u>\$ 13,970</u>			<u>\$ -</u>			<u>48,426</u>	
Fund Balance, Beginning of Year		<u>(40,456)</u>			<u>4,949</u>			<u>-</u>			<u>(35,507)</u>	
Fund Balance, End of year		<u><u>(\$6,000)</u></u>			<u><u>\$ 18,919</u></u>			<u><u>\$ -</u></u>			<u><u>\$12,919</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, 2018**

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, 2018**

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, 2018

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, 2018**

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 a committed fund balance at year end.

**NEW LIFE CHARTER ACADEMIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018, was as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Furniture and Equipment	\$ 168,094	\$ -	\$ -	\$ 168,094
Leasehold Improvements	21,662	6,142	-	27,804
Computer Equipment	1,279	-	-	1,279
	191,035	6,142	-	197,177
Less Accumulated Depreciation	42,540	13,477	-	56,017
NET CAPITAL ASSETS	\$ 148,495	\$ (7,335)	\$ -	\$ 141,160

Depreciation expense of \$13,477 was charged during the year ended June 30, 2018.

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.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The Academies lease its administrative and classroom facilities under a non cancelable operating lease that expires in 2020. Annual rental expenses were approximately \$171,335 for the year ended June 30, 2018. Future minimum payments under this lease, assuming the lease will be renewed, are as follows:

June 30,		
2019	162,000	
2020	166,000	
2021	171,000	
2022	176,000	
2023	181,000	
	<u>\$ 856,000</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. The balance of these advances at June 30, 2018 was \$57,000.

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 12, 2018. 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

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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
3550 Davie Boulevard
Ft. Lauderdale, Florida 33312

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, 2018, and have issued my report thereon dated September 12, 2018. 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.

Mark E. Coffey, P.A.

Palm Beach Gardens, Florida
September 12, 2018

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.
3550 Davie Boulevard
Ft. Lauderdale, Florida 33312

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, 2018, and have issued my report thereon dated September 12, 2018.

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.

At the conclusion of the year ended June 30, 2016, 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. 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, 2018 was reduced to \$6,000.

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.

A handwritten signature in black ink that reads "Mark Escoffery, P.A." The signature is written in a cursive style with a large, stylized initial 'M'.

Mark Escoffery, P.A.
September 12, 2018