

Innovation Charter School, Inc.
(A Component Unit of the School
Board of Broward County, Florida)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2023



Innovation Charter School, Inc.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Innovation Charter School, Inc.
Pompano Beach, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Innovation Charter School, Inc. (the "School"), a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and 20 through 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023, on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



Our discussion and analysis of the Innovation Charter School, Inc.'s (the "School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2023 with certain comparative information for 2022. Please read it in conjunction with the School's basic financial statements which immediately follow this discussion.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations:

- As of June 30, 2023, the School had net position of \$ 1,937,820 as compared to \$ 1,818,254 as of June 30, 2022.
- As of June 30, 2023, the School's governmental fund balances were \$ 1,934,932 as compared to \$ 1,815,383 as of June 30, 2022.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the statement of net position and the statement of activities, are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education must be considered in order to reasonably assess the School's overall performance.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Innovation Charter School, Inc.
Management's Discussion and Analysis
June 30, 2023

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results.

Government-Wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position:

Innovation Charter School, Inc.		
Net Position		
	June 30, 2023	June 30, 2022
	<u> </u>	<u> </u>
Assets:		
Current assets	\$ 2,127,827	\$ 2,069,269
Non-current assets	24,888	24,871
	<u> </u>	<u> </u>
Total assets	<u>2,152,715</u>	<u>2,094,140</u>
Liabilities:		
Current liabilities	<u>214,895</u>	<u>275,886</u>
	<u> </u>	<u> </u>
Total liabilities	<u>214,895</u>	<u>275,886</u>
Net Position:		
Net investment in capital assets	2,888	2,871
Unrestricted	<u>1,934,932</u>	<u>1,815,383</u>
	<u> </u>	<u> </u>
Total net position	<u>\$ 1,937,820</u>	<u>\$ 1,818,254</u>

Innovation Charter School, Inc.
Management's Discussion and Analysis
June 30, 2023

The following table presents comparative information of the condensed government-wide statements of change in net position:

Innovation Charter School, Inc. Change in Net Position		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues:		
General revenues	\$ 3,693,935	\$ 3,441,270
Program revenues	<u>1,306,500</u>	<u>1,103,976</u>
Total revenues	<u>5,000,435</u>	<u>4,545,246</u>
Expenses:		
Instruction	2,202,863	2,328,743
Instructional support services	1,779,135	1,692,182
Non-instructional services	<u>898,871</u>	<u>778,079</u>
Total expenses	<u>4,880,869</u>	<u>4,799,004</u>
Change in net position	\$ <u><u>119,566</u></u>	\$ <u><u>(253,758)</u></u>

General revenues increased from the prior year due to an increase in funding from local sources and federal grants. Total expenses remained mostly consistent with prior year results.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements.

As of the end of fiscal year 2022/2023 the School's governmental funds reported ending fund balance of \$ 1,934,932. The fund balance unassigned and available for spending at the School's discretion is \$ 1,886,445. These funds will be available for the School's future ongoing operations.

General Fund Budgetary Highlights

Total revenues were favorable to the budget by approximately \$ 57,000.

Total expenditures were favorable to the budget by approximately \$ 194,000. See page 20 for budget and actual comparisons.

Capital Assets and Debt Administration

As of June 30, 2023, the School had an investment in capital assets of \$ 2,888. This amount is net of accumulated depreciation of \$ 215,311.

The School has no outstanding debt.

Economic Factors

Facts, decisions or conditions that have had a significant effect on the financial position or results of operations of the School in fiscal year 2022/2023, as well as future expectations, include the following:

- The 2022/2023 school year represents our eighth year of operation as a school. The focus was on meeting the needs of all students through teacher-led small group instruction as well as push-in and pull-out interventions. Student progress was monitored throughout the school year and used to inform instruction and determine individual student needs. Parental involvement continued to be a focus. Activities and training for parents were held at varying times and days to allow more opportunities for attendance. School safety and mental health training continued, and the school exceeded district requirements for the percentage of employees to be trained.
- The 2022/2023 school year ended with an enrollment of 418 students. The previous school year ended with 442 students. A large number of withdrawals were processed at the end of the 2023 school year due to families moving to different areas. We anticipate an enrollment of 440 students for the 2023/2024 school year based on re-enrollment applications and new registration inquiries.

The following items represent other important highlights:

- Title 1 and ESSER II funds continued to provide necessary funding for educational assistants/paraprofessionals, allowing for critical small group support to students.
- Curriculum reserves are being held to allow for the appropriate curriculum replacement on a five-year cycle.

Requests for Information

This financial report is designed to provide a general overview of the Innovation Charter School, Inc.'s finances for all those with an interest. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the Finance Director of Innovation Charter School, Inc. at 600 SW 3rd Street, Pompano Beach, FL 33060.

BASIC FINANCIAL STATEMENTS



Innovation Charter School, Inc.
Statement of Net Position
June 30, 2023

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 2,037,746
Due from other governments	63,594
Prepaid items	<u>26,487</u>
Total current assets	<u>2,127,827</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	2,888
Deposits	<u>22,000</u>
Total noncurrent assets	<u>24,888</u>
Total assets	<u>2,152,715</u>
Current Liabilities:	
Accounts payable	37,570
Accrued liabilities	<u>177,325</u>
Total liabilities	<u>214,895</u>
Net Position:	
Net investment in capital assets	2,888
Unrestricted	<u>1,934,932</u>
Total net position	<u>\$ 1,937,820</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Innovation Charter School, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities</u>
					<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 2,202,863	\$ -	\$ 423,991	\$ -	\$ (1,778,872)
Exceptional programs	103,014	-	-	-	(103,014)
Instructional curriculum development	253,505	-	58,771	-	(194,734)
Instructional staff training services	5,591	-	-	-	(5,591)
Instructional related technology	118,351	-	-	-	(118,351)
Board services	22,219	-	-	-	(22,219)
General administration - district	96,247	-	-	-	(96,247)
School administration	741,476	-	62,774	-	(678,702)
Fiscal services	83,491	-	-	-	(83,491)
Food services	472,719	4,992	460,870	-	(6,857)
Operation of plant	557,198	-	-	295,102	(262,096)
Pupil transportation services	194,783	-	-	-	(194,783)
Pupil services	29,412	-	-	-	(29,412)
Total governmental activities	<u>\$ 4,880,869</u>	<u>\$ 4,992</u>	<u>\$ 1,006,406</u>	<u>\$ 295,102</u>	<u>(3,574,369)</u>
General revenues:					
Grants and entitlements					3,318,617
Miscellaneous revenues					375,318
Total general revenues					<u>3,693,935</u>
Change in net position					119,566
Net position, July 1, 2022					<u>1,818,254</u>
Net position, June 30, 2023					<u>\$ 1,937,820</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Innovation Charter School, Inc.
 Balance Sheet - Governmental Funds
 June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 2,037,746	\$ -	\$ -	\$ 2,037,746
Due from other governments	-	63,594	-	63,594
Due from special revenue fund	53,225	-	-	53,225
Prepaid items	26,487	-	-	26,487
Deposits	22,000	-	-	22,000
	<u>2,139,458</u>	<u>63,594</u>	<u>-</u>	<u>2,203,052</u>
Total assets	\$ <u>2,139,458</u>	\$ <u>63,594</u>	\$ <u>-</u>	\$ <u>2,203,052</u>
Liabilities:				
Accounts payable	\$ 37,570	\$ -	\$ -	\$ 37,570
Accrued liabilities	177,325	-	-	177,325
Due to general fund	-	53,225	-	53,225
	<u>214,895</u>	<u>53,225</u>	<u>-</u>	<u>268,120</u>
Total liabilities	<u>214,895</u>	<u>53,225</u>	<u>-</u>	<u>268,120</u>
Fund Balance:				
Nonspendable	48,487	-	-	48,487
Unassigned	1,876,076	10,369	-	1,886,445
	<u>1,924,563</u>	<u>10,369</u>	<u>-</u>	<u>1,934,932</u>
Total fund balances	<u>1,924,563</u>	<u>10,369</u>	<u>-</u>	<u>1,934,932</u>
Total liabilities and fund balances	\$ <u>2,139,458</u>	\$ <u>63,594</u>	\$ <u>-</u>	\$ <u>2,203,052</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Innovation Charter School, Inc.
Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds \$ 1,934,932

Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	\$	218,199	
Accumulated depreciation		<u>(215,311)</u>	<u>2,888</u>

Net Position of Governmental Activities \$ 1,937,820

The accompanying notes to basic financial statements are an integral part of these statements.

**Innovation Charter School, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
Revenues:				
Federal through state	\$ -	\$ 1,001,029	\$ -	\$ 1,001,029
State sources	3,318,617	-	295,102	3,613,719
Local sources	380,695	4,992	-	385,687
	<u>3,699,312</u>	<u>1,006,021</u>	<u>295,102</u>	<u>5,000,435</u>
Expenditures:				
Instruction	1,863,831	336,079	-	2,199,910
Exceptional programs	105,984	-	-	105,984
Instructional curriculum development	194,734	58,771	-	253,505
Instructional staff training services	5,033	558	-	5,591
Instructional related technology	105,592	12,759	-	118,351
Board services	22,219	-	-	22,219
General administration - district	96,247	-	-	96,247
School administration	675,270	66,206	-	741,476
Fiscal services	83,491	-	-	83,491
Food services	10,964	461,755	-	472,719
Operation of plant	192,203	69,893	295,102	557,198
Pupil transportation services	194,783	-	-	194,783
Pupil services	29,412	-	-	29,412
	<u>3,579,763</u>	<u>1,006,021</u>	<u>295,102</u>	<u>4,880,886</u>
Net change in fund balance	<u>119,549</u>	<u>-</u>	<u>-</u>	<u>119,549</u>
Fund Balances, July 1, 2022	<u>1,815,383</u>	<u>-</u>	<u>-</u>	<u>1,815,383</u>
Fund Balances, June 30, 2023	<u>\$ 1,934,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,934,932</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Innovation Charter School, Inc.
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances -
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 119,549

Amounts reported for governmental activities in the
 Statement of Activities are different because:

The governmental funds report capital outlay as
 expenditures; however, in the statement of activities
 these costs are allocated over their estimated useful
 lives as provision for depreciation:

Cost of capital assets	\$	2,970	
Current year provision for depreciation		<u>(2,953)</u>	<u>17</u>

Change in Net Position of Governmental Activities \$ 119,566

The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Reporting Entity: Innovation Charter School, Inc. (the "School") was incorporated as a not for profit corporation on July 10, 2013 organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act and Section 228.056, Florida Statutes. The governing body of the School is the Board of Directors (the "Board"), which is comprised of five members. The School's charter started July 1, 2015 and operations began August 2015. The School serves students in kindergarten through fifth grade.

The School operates under a charter of the sponsoring school district, the School Board of Broward County, Florida (the "District"). The current charter is effective until June 30, 2025. The School is a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Government Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included with the reporting entity of the School.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants, Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

The School reports the following major governmental funds:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Outlay Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Basis of accounting: Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within sixty days of the end of the current period. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Due from other governments: Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 2 - Summary of Significant Accounting Policies (continued)

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are valued at the estimated 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 and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, which include equipment acquired with state shared revenues are reported in the government-wide financial statements.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Furniture and equipment	3-5 years
-------------------------	-----------

Within the governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Net position classifications: Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - consists of net position with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. There are no restricted net assets as of the year-end.

Note 2 - Summary of Significant Accounting Policies (continued)

Unrestricted - indicates that portion of net position that is available to fund future operations and that do not meet the definition of "restricted" or "net investment in capital assets".

Fund balance - The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements.

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- *Restricted* - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- *Committed* - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- *Assigned* - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- *Unassigned* - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 10.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

State funding (primary source of revenue): Student funding is provided by the State of Florida through the District. In accordance with the Charter Agreement, the District retains not more than 5% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent ("FTE") reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

Note 2 - Summary of Significant Accounting Policies (continued)

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Income taxes: The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through September 29, 2023, which is the date the financial statements were available to be issued.

Note 3 - Cash and cash equivalents

At June 30, 2023, the carrying amount of the School’s deposits and cash on hand totaled \$ 2,037,746 with a bank balance of \$ 2,098,394.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2023.

Note 4 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Furniture and equipment	\$ 215,229	\$ 2,970	\$ -	\$ 218,199
Less: accumulated depreciation	<u>212,358</u>	<u>2,953</u>	<u>-</u>	<u>215,311</u>
	<u>\$ 2,871</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 2,888</u>

The provision for depreciation for the year ended June 30, 2023 amounted to \$ 2,953. The School allocated depreciation to instruction.

Note 5 - Related Party Transactions

Several members of the School's Board of Directors are employees of the company from which the School leases its main facility. Monthly lease payments are approximately \$ 38,000.

Note 6 - Employee Benefit Plan

During the year ended June 30, 2023, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 403(b). The employee is allowed to contribute up to a maximum of 100% of their annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to a 2 to 6-year graded vesting. A participant is vested 20% after 2-years, 40% after 3-years, 60% after 4-years, 80% after 5-years, and 100% after 6-years.

Note 7 - Contingencies

The School received financial assistance from federal and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and may be subject to audit by the grantor agencies. In accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, the School is required to conduct "single audits" when either the threshold for federal awards or state financial assistance exceeds \$ 750,000. The School exceeded the federal threshold and thus a single audit is required under the Uniform Guidance.

Note 8 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, employee health, workers' compensation and natural disasters for which the School carries commercial insurance. During the fiscal year 2023, the School did not experience any claims resulting from the risks described above.

Note 9 - Risk and Uncertainties

The School received a notification from the Broward County District School Board of a proposed citation. The School intends to aggressively challenge this citation. At this time, an unfavorable outcome arising from this matter cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION



Innovation Charter School, Inc.
Statement of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ 3,638,312	\$ 3,318,617	\$ (319,695)
Local sources	3,500	375,318	371,818
	<u>3,641,812</u>	<u>3,693,935</u>	<u>52,123</u>
Expenditures:			
Instruction	1,881,795	1,865,961	15,834
Exceptional programs	151,057	105,984	45,073
Instructional curriculum development	261,952	194,734	67,218
Instructional staff training services	-	5,033	(5,033)
Instructional related technology	113,074	105,592	7,482
Board services	19,250	22,219	(2,969)
General administration - district	-	96,247	(96,247)
School administration	727,189	678,702	48,487
Fiscal services	86,500	83,491	3,009
Food services	-	10,394	(10,394)
Operation of plant	319,872	192,203	127,669
Pupil transportation services	200,000	194,783	5,217
Pupil services	13,021	29,412	(16,391)
	<u>3,773,710</u>	<u>3,584,755</u>	<u>188,955</u>
Total expenditures	<u>3,773,710</u>	<u>3,584,755</u>	<u>188,955</u>
Net change in fund balance	\$ <u>(131,898)</u>	\$ <u>109,180</u>	\$ <u>241,078</u>

Innovation Charter School, Inc.
Statement of Revenues and Expenditures
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal through state	\$ 713,876	\$ 1,001,029	\$ 287,153
Local sources	<u>25,000</u>	<u>4,992</u>	<u>(20,008)</u>
Total revenues	<u>738,876</u>	<u>1,006,021</u>	<u>267,145</u>
Expenditures:			
Instruction	254,808	336,079	(81,271)
Instructional curriculum development	-	58,771	(58,771)
Instructional staff training services	25,000	558	24,442
Instructional related technology	-	12,759	(12,759)
School administration	55,568	66,206	(10,638)
Food services	519,021	461,755	57,266
Operation of plant	<u>-</u>	<u>69,893</u>	<u>(69,893)</u>
Total expenditures	<u>854,397</u>	<u>1,006,021</u>	<u>(151,624)</u>
Net change in fund balance	<u>\$ (115,521)</u>	<u>\$ -</u>	<u>\$ 115,521</u>

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Innovation Charter School, Inc.
Pompano Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Innovation Charter School, Inc., (the "School"), a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Reporting on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Innovation Charter School, Inc.
Pompano Beach, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Innovation Charter School, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Innovation Charter School, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Innovation Charter School, Inc.
Pompano Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Innovation Charter School, Inc. (the "School"), a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2023, and have issued our report thereon dated September 29, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 29, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity are Innovation Charter School, Inc. and school code 065177.

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Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 29, 2023

Innovation Charter School, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Program or Cluster Title	AL Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
Federal Awards:				
Indirect Programs:				
U.S. Department of Agriculture - Passed through Florida Department of Agriculture - Child Nutrition Cluster -	10.553	-	\$ 163,393	-
School Breakfast Program (SBP)				
National School Lunch Program (NSLP)	10.555	-	299,035	-
Total Child Nutrition Cluster			<u>462,428</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>462,428</u>	<u>-</u>
U.S. Department of Education				
Passed through Florida Department of Education				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	-	285,941	-
Education Stabilization Fund	84.425	-	252,660	-
Total U.S. Department of Education			<u>538,601</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,001,029</u>	<u>\$ -</u>

See notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Innovation Charter School, Inc. (the "School") for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the School. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and other applicable regulations.

**Innovation Charter School, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal/State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Type of auditor's report issued on compliance for major programs?

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major program(s):

<u>ALN</u>	<u>Federal Program or Cluster</u>
10.553/ 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no