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**BREVARD
INNOVATIVE
CHARTER
SCHOOLS, INC.**
**(A Component Unit of the
School Board of Brevard County, Florida)**
d/b/a Sculptor Charter School

**Basic Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brevard Innovative Charter Schools, Inc.
d/b/a Sculptor Charter School
Titusville, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brevard Innovative Charter Schools Inc. d/b/a Sculptor Charter School (the "School"), a component unit of the School Board of Brevard County, Florida (the "District"), 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, each major fund, and the aggregate remaining fund information 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 Opinion

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further describe 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 the 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 4-9 and 31-34 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, on our consideration of 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 School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cummings Grayson & Co." with a stylized flourish at the end.

August 31, 2023
Miami, Florida

Management's Discussion and Analysis

As management of Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School") which is a component unit of the School Board of Brevard County, Florida (the "District"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements listed in the table of contents.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$3,444,738 (net position).
- The School's total net position increased by \$846,426.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$3,394,431 for the fiscal year and unassigned fund balance for the general fund was \$1,562,669.

Overview of the 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements 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 information on all the School's assets, liabilities, and deferred outflows/inflows 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 financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal 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 (e.g., uncollected funding and earned but unused vacation leave).

Government-wide Financial Statements. (continued) Both government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction, student support services, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the District. The District includes the operations of the School in their operational results.

The government-wide financial statements can be found as listed in the table of contents of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the operations of the School are presented in governmental funds only.

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 evaluating a government'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 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund, debt service fund, and capital outlay fund are reported as major funds.

The governmental fund financial statements can be found as listed in the table of contents of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found as listed in the table of contents of this report.

Notes to the 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. The notes to the financial statements can be found starting as listed in the table of contents of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. As of June 30, 2023, and 2022, assets exceeded liabilities by \$3,444,738 (net position) and \$2,598,312 (net position), respectively.

The largest portion of the School's net position is the restricted portion. Another portion of the net position reflects its net investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets totaled \$128,675 on June 30, 2023. Comparison of the condensed statement of net position and the statement of activities are provided below:

Sculptor Charter School Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
ASSETS			
Current Assets	\$3,751,039	\$3,947,164	(\$196,125)
Capital Assets net	<u>3,919,944</u>	<u>3,975,127</u>	<u>(55,183)</u>
Total Assets	<u>7,670,983</u>	<u>7,922,291</u>	<u>(251,308)</u>
LIABILITIES			
Current Liabilities	501,735	571,104	(69,369)
Noncurrent Liabilities	<u>3,724,510</u>	<u>4,752,875</u>	<u>(1,028,365)</u>
Total Liabilities	<u>4,226,245</u>	<u>5,323,979</u>	<u>(1,097,734)</u>
NET POSITION			
Net Investment in Capital Assets, net of related Debt	128,675	272,207	(143,532)
Restricted	1,831,762	1,596,941	234,821
Unrestricted	<u>1,484,301</u>	<u>729,164</u>	<u>755,137</u>
Total net position	<u>\$3,444,738</u>	<u>\$2,598,312</u>	<u>\$846,426</u>

The current assets register a decrease of \$251,308. This decrease in current assets is a result of timing of collection and payments to vendors of cash and cash equivalents, decrease in State Sales Surtax, Prepaid expenses, and Capital Outlay despite an increase in investments restricted for servicing the debt service, and amounts due from other agencies related to Title II & IV. The decrease in capital assets is due to depreciation expense for the current year. The decrease in current liabilities is due mainly to the Accrued Interest Payable. The decrease in noncurrent liabilities is due to the payments of the debt principal and principally to the refinancing of the Long-Term Debt.

**Sculptor Charter
School Statement of
Activities**

	2023	2022	<u>Variance</u>
Revenues			
Program revenues			
Charges for services	\$465,159	\$239,655	\$225,504
Operating grants and contributions	428,890	317,368	111,522
Capital grants and contributions	780,902	718,160	62,742
General revenues			
State passed through local school district	4,963,987	3,999,659	964,328
Other revenues	77,566	263,542	-185,976
Total Revenues	<u><u>\$6,716,503</u></u>	<u><u>\$5,538,384</u></u>	<u><u>\$1,178,119</u></u>

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Expenses:			
Basic instruction	\$3,067,370	\$2,958,120	\$109,250
Exceptional students	229,093	218,108	10,985
Student support services	124,804	86,014	38,790
Instructional media services	77,627	75,126	2,501
Instructional staff training services	27,731	1,226	26,505
Instruction related technology	183,068	200,585	-17,517
Board	23,636	9,997	13,639
School administration	475,982	388,711	87,271
Facilities acquisition and constrictions	40,311	9,737	30,574
Fiscal Services	0	17,895	-17,895
Student transportation services	72,576	77,864	-5,288
Operation of plant	1,049,275	546,498	502,777
Maintenance of plant	66,472	3,862	62,610
Community service	126,755	269,118	-142,363
Debt service	306,474	354,882	-48,408
Loss on disposal of assets	-1,098	0	-1,098
Total Expenses	<u><u>5,870,077</u></u>	<u><u>5,217,743</u></u>	<u><u>652,334</u></u>
Changes in net position	846,426	320,641	525,785
Net position at July 1, 2022	<u>2,598,312</u>	<u>2,277,671</u>	<u>320,641</u>
Net position at June 30, 2023	<u><u>\$3,444,738</u></u>	<u><u>\$2,598,312</u></u>	<u><u>\$846,426</u></u>

The total revenues were 5,538,384 in the previous year and 6,716,503 in the current year, thus an increase of 1,178,119. This increase is mainly due to the State Pass Through. Indeed, the State Pass Through registers an increase of 964,328. This increase is mainly due to the increase of F.T.E. Funds, Miscellaneous State Revenue, and the ARPA program. The increase in Capital Grants and Contributions is due mainly to the Capital Improvement Surtax Program.

The total Expenses were \$5,217,743 in the previous year and \$ 5,870,077 in the current year, thus an increase of \$652,334. The increase in basic instruction is due to increases in teacher benefits. The increase in Operation of the Plant (+\$ 502,777) is caused by the purchase of furniture, fixtures, insurance cost, and 0equipment and increase in salaries for custodial services. The increase in School

Administration (+\$ 87,271) is mainly due to the Support Staff. The increase in Student Support Services (+\$ 38,790) is due to the Mental Health program. The increase in community service, like the previous year, is caused mostly by the increase in club expenses and wages.

Financial Analysis of the Government's Funds

Fund accounting is used to demonstrate compliance with finance-related legal requirements.

Governmental funds. 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. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the School's governmental funds reported a combined ending fund balance of \$3,394,431.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,562,669.

General Fund Budgetary Highlights

Budgeted general fund revenues exceeded actual revenues and actual general fund expenditures exceeded budgeted expenditures. The general fund budgetary information can be found as listed in the table of contents of this report.

Capital Asset and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental type activities as of June 30, 2023, amounts to \$3,919,944, net of accumulated depreciation. This investment in capital assets includes building, building improvements, land improvements, equipment, and vehicle. Additional information on the School's capital assets can be found in Note D.

Debt Administration. The School's notes payable balance on June 30, 2023, totaled \$3,746,724. Additional information on the School's long-term obligations can be found in Note E.

Economic Factors. The School is a high performing charter school and has received Best and Brightest bonuses for the teachers in the past. In fiscal year 2023, the School has received a grade rating of A. The School has maintained the A rating ever since the grading system was implemented. Florida surtax funds of \$481,005 were used for capital outlays of the School. The School will receive this funding for six years in total (until December 2026). CARES Act federal assistance of \$593,478 was received from the State and a local nonprofit, the Early Learning Coalition. The School used the funds to purchase supplies, equipment, and other approved expenses.

Request for Information

This financial report is designed to provide a general overview of Sculptor Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Sculptor Charter School, 1301 Armstrong Drive, Titusville, FL 32780.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
(A Component Unit of the School Board of Brevard County, Florida)

STATEMENT OF NET POSITION

For the Year Ended June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalent	\$1,876,456
Investment - Restricted	1,282,665
Interest Receivables	3,506
Receivables, net	14,971
Due from other agencies	559,845
Prepaid Expenses	<u>13,596</u>
Total Current Assets	<u>3,751,039</u>

CAPITAL ASSETS

Capital assets not being depreciated	540,961
Capital Assets, net of Accumulated depreciation	<u>3,378,983</u>
Total Capital Assets net	<u>3,919,944</u>
Total Assets	<u><u>\$7,670,983</u></u>

LIABILITIES AND NET POSITION

LIABILITIES

Accounts Payable	29,959
Accrued Payroll	280,619
Other Accrued Liabilities	35,972
Accrued Interest Payable	
Noncurrent Liabilities - due within one year	
Accrued compensated absences	0
Notes payable	155,185
Noncurrent Liabilities - due in more than one year	
Accrued compensated absences	39,988
Notes payable	<u>3,684,523</u>
Total Liabilities	<u><u>\$4,226,245</u></u>

NET POSITION

Net Investment in Capital Assets, net of related debt	128,675
Restricted for:	
Prepays	13,596
Debt Service	1,282,665
Other Governmental Funds	535,501
Unrestricted	<u>1,484,301</u>
Total net Position	<u><u>\$3,444,738</u></u>

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
(A Component Unit of the School Board of Brevard County, Florida)

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities:					
Basic instruction	\$3,067,370	\$320,558	\$106,901		(\$2,639,911)
Exceptional students	229,093				-229,093
Student support services	124,804				-124,804
Instructional media services	77,627				-77,627
Instructional staff training services	27,731				-27,731
Instruction related technology	183,068				-183,068
Board	23,636				-23,636
School administration	475,982		33,476		-442,507
Facilities Acquisition and Constrictions	40,311			481,005	440,694
Fiscal Services					0
Student transportation services	72,576				-72,576
Operation of plant	1,049,275		276,029		-773,246
Maintenance of plant	66,472				-66,472
Community service	126,755		12,484		30,330
Debt service	305,377			299,897	-5,480
Total governmental activities	\$5,870,077	\$465,159	\$428,890	\$780,902	-\$4,195,127

General revenues:

State passed through local school district	\$4,963,987
Other revenues	77,566
Total revenues	5,041,553
Change in net position	846,426
Net position at July 1, 2022	2,598,312
Net position at June 30, 2023	\$3,444,738

The accompanying notes are an integral part of this statement.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
(A Component Unit of the School Board of Brevard County, Florida)

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2023**

ASSETS	General Fund	Debt Service Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalent	\$1,876,456				\$1,876,456
Investment - Restricted		1,282,665			1,282,665
Interest Receivables	3,506				3,506
Receivables, net	14,971				14,971
Due from other agencies			24,344	535,501	559,845
Prepaid Expenses	13,596				13,596
Due from other funds					0
Total Assets	1,908,529	1,282,665	24,344	535,501	3,751,039
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	29,959				29,959
Accrued Payroll	280,619				280,619
Accrued compensated absences	10,058				10,058
Due to Other funds	0		24,344		24,344
Total Liabilities	320,636	0	24,344	0	344,980
FUND BALANCES					
Nonspendable					
Prepaid Expenses	13,596				13,596
Deposit					0
Restricted		1,282,665		535,501	1,818,166
Unassigned	1,574,297		0		1,574,297
Total Fund balances	1,587,893	1,282,665	0	535,501	3,406,059
Total Liabilities and Fund Balances	\$1,908,529	\$1,282,665	\$24,344	\$535,501	\$3,751,039

The accompanying notes are an integral part of this statement.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
 (A Component Unit of the School Board of Brevard County, Florida)
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET
POSITION - June 30, 2023

Total Fund balance - Governmental Funds	\$3,406,059
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The net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,919,944
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest payable	0
Notes payable	(3,831,220)
Accrued compensated absences	(50,045)

Total Net Position of Governmental Activities	<u><u>\$3,444,738</u></u>

The accompanying notes are an integral part of this statement.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
(A Component Unit of the School Board of Brevard County, Florida)
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	General Fund	Debt Service Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal passed through state and local					
State passed through local school district	\$4,963,987		\$299,897	\$428,890	\$5,692,774
Gifts, grants, and bequests					
Other revenues	542,724			481,005	1,023,729
Total revenues	5,506,711	0	299,897	909,895	6,716,504
Expenditures Current:					
Current:					
Basic instruction	2,620,059			427,459	3,047,518
Exceptional students	229,093				229,093
Student support services	121,534				121,534
Instructional media services	77,627				77,627
Instructional staff training services	27,731				27,731
Instruction related technology	183,068				183,068
Board	23,636				23,636
School administration	442,507			33,476	475,982
Facilities Acquisition and Constrictions	44,907				44,907
Fiscal Services	0				0
Student transportation services	72,576				72,576
Operation of plant	767,503			281,772	1,050,373
Maintenance of plant	66,472				66,472
Community service	99,058				99,058
Debt service:					
Principal		165,500			165,500
Interest		305,377			305,377
Total expenditures	4,775,771	470,877	0	742,707	5,990,452
Excess (deficiency) of revenues over (under) expenditures	730,940	-470,877	299,897	167,189	726,052
Other financing sources and (uses)					
Transfers in					
Transfers out	-170,980		-299,897		-470,877
Total other financing sources and (uses)	-170,980		-299,897		-470,877
Net change in fund balance	559,960	0	0	167,189	726,052
Fund balances at July 1, 2022	2,048,126	1,165,608		413,661	3,627,395
Fund balances at June 30, 2023	\$2,608,086	\$1,165,608	\$0	\$580,850	\$4,353,444

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

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
(A Component Unit of the School Board of Brevard County, Florida)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

Net Change in Fund Balances - Governmental Funds \$726,052

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	169,225	
Depreciation expense	(224,408)	(55,183)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payment of long-term debt	165,500	165,500
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Accrued interest	-	
Compensated absences	10,058	10,058

Change in Net Position - Governmental Activities		\$846,426
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The accompanying notes are an integral part of this financial statement.

Brevard Innovative Schools, Inc
(A Component Unit of the School of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is composed of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School Board of Brevard County, Florida (the "District"). The current charter is effective until June 30, 2027. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter agreement in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation. Unrestricted net position includes all the remaining net position that does not meet the definition of the other two components.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental fund. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund, debt service fund and capital outlay fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All government fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days, for all revenues except surtax which is ninety days of the end of the current fiscal period.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized based on funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Debt Service Fund - this fund accounts for the resources accumulated and payments made for principal and interest on the School's long-term debt.

Capital Outlay Fund – is a special revenue fund used in accordance with guidelines established by the Brevard County School District, Florida. This fund accounts for all resources for the lease or acquisition of capital facilities by the School to the extent funded by capital grants.

4. Cash and cash equivalents

The School's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Receivables and due from other agencies

Receivables are reported net of an allowance for uncollectible accounts of \$14,474, based on management's experience with the specific type and nature of the receivables. In addition, the School reports an interest receivable balance of \$3,506 and a due from other agencies balance of \$506,298, which represents amounts owed to the School related to Title II, Title IV, ESSER, safety or security grant and capital outlay funds. No allowance has been reported for the due from other agencies balances because management considers them fully collectible.

6. Interfund activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. As of June 30, 2023, the general fund reported an amount due from the capital outlay fund in the amount of \$24,344 and the general funds owed an amount of \$506,298 to the other governmental funds.

Transfers are used to move resources between the School's funds. During the current year, the capital outlay fund transferred \$299,897 to the debt service fund and the general fund transferred \$170,980 to the debt service fund.

7. Prepaid expense

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid expenses in the amount of \$13,596 in both the government-wide and fund financial statements.

8. Capital assets

Capital assets are reported in the governmental activities' column on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Capital assets (continued)

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building	39
Building improvements	5-43
Land improvements	5-20
Equipment	3-10
Vehicle	5-12

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and repayments of debt principal as debt service expenditures.

10. Compensated absences

The School accrues earned but unused sick and vacation benefits in accordance with accounting principles generally accepted in the United States of America. The School has adopted a policy allowing limited vesting of unused employee leave time. The entire compensated absences liability is reported on the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, when employees separate from service with the School.

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Revenue sources (continued)

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues are derived from various fundraising activities, interest on bank accounts, student activities, and other miscellaneous items.

12. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax- exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service three years after a return was due or filed.

13. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Non-spendable fund balance - amounts that are not spendable (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level of action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first followed by unrestricted resources (committed, assigned, and unassigned) as they are needed. The School does not have a formal minimum fund balance requirement.

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE B - CASH AND CASH EQUIVALENTS

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The bank balances of the School's cash and cash equivalents balance was \$1,876,456 as of June 30, 2023. The deposits are insured by the FDIC up to \$250,000 per financial institution. Of the bank balances, approximately \$688,608 was not covered by federal depository insurance.

NOTE C - INVESTMENTS

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The statement establishes a hierarchy of inputs to valuation techniques to measure fair value with three levels.

- Level 1 inputs are the quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs, such as management's assumptions of the default rate among underlying mortgages of a mortgage-backed security.

As of June 30, 2023, all of the School's \$1,282,665 investments are in government money market funds.

In connection with the issuance of debt in September 2008 and February 2012, further discussed in Note E, the School was required to deposit a portion of the proceeds and other required deposits from time to time with the trustee. The trust indenture only permits investments of funds in certain qualified investments, such as direct obligations of the United States, investments backed by the full faith and credit of the United States, highly rated money market funds, and certain other collateralized investments. As of June 30, 2023, the trustee held \$1,262,665 of reserve funds in money market funds. These money market funds are classified as Level 1 of the fair value hierarchy. In addition, the money market funds had a Standard & Poor's rating of AAAm.

Interest Rate Risk - The School's investment policy has the objective to minimize risk to the value of securities due to changes in the general interest rates.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE C - INVESTMENTS (continued)

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy allows for investments in a) local government investment pools which carry an AAAM rating at purchase, b) FDIC insured certificates of deposits, c) deposits in qualified state depositories, d) U.S. Treasury and affiliated Agency securities, and e) guaranteed insurance contracts with the top ratings issued by nationally recognized statistical rating organizations.

Custodial Credit Risk - \$1,282,665 of the School's investments are reserve funds held by an institutional trustee in accordance with the terms of the trust indenture.

Concentration of Credit Risk - Reserve funds of \$1,282,665 in accordance with the indenture, are all invested in one money market mutual fund.

NOTE D - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not depreciated				
Land	\$ 496,140	\$ 44,821	-	\$ 540,961
Total capital assets, not depreciated	496,140	44,821	-	540,961
Capital assets depreciated:				
Building	3,733,364	-	-	3,733,364
Building improvements	1,290,296	17,150	-	1,307,446
Land improvements	255,070	36,497	-	291,567
Equipment	425,644	70,757	-	496,401
Vehicle	225,591	-	-	225,591
Total capital assets depreciated	5,929,965	124,404	-	6,054,369
Less accumulated depreciation:				
Building	1,317,484	103,522.00	-	1,421,006
Building improvements	648,470	32,790.62	-	681,261
Land improvements	117,269	19,912.59	-	137,182
Equipment	321,751	51,789.00	-	373,540
Vehicle	46,004	16,394.17	-	62,398
Total accumulated depreciation	2,450,978	224,408.38	-	2,675,386
Total capital assets, net	\$ 3,975,127	\$ (55,183)	-	\$ 3,919,944

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE D – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions/programs of the School as follows:

Depreciation by Functions/Programs

Instruction	\$182,918
Student Support Service	6,744
Instructional Media Service	4,307
School Administration	26,412
Student Transportation Service	4,027
Total	\$224,408

NOTE E - LONG-TERM LIABILITIES

1. Changes in long-term liabilities

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due in 1 year
Notes payable	\$4,868,528.00	\$ 3,800,000.00	\$ (4,921,804.00)	3,746,724.00	\$ 155,184.93
Compensated absences	50,045.00	3,268.75	(13,326.13)	39,987.62	10,057.86
	\$ 4,918,573.00	\$ 3,803,268.75	\$ (4,935,130.13)	\$ 3,786,711.62	\$ 165,242.79

Compensated absences in the governmental activities are typically liquidated by the general fund. The current portion is a payable in the amount of \$10,058 and a non-current liability in the amount of \$29,930.

2. Note payable

In September 2008, the School executed two notes payable to Florida Development Finance Corporation (FDFC), associated with revenue bonds issued by FDFC in the aggregate amount of \$4,960,000. The bonds were issued in two series; Series 2008A in the amount of \$4,710,000, accruing interest at 7.25% and maturing October 2038, and Series 2008B in the amount of \$250,000, which matured and was fully paid in October 2014. The notes, which have maturity and interest rate terms mirroring the bonds, are secured by a pledge of revenues of the School and a Mortgage and Security Agreement on the School's land, building, and improvements. Certain restrictive covenants are imposed by this debt, including maintaining the charter contract with the District and maintaining certain cash reserves. In February 2012, the School executed an additional note payable to FDFC, associated with revenue bonds issued by FDFC in the aggregate amount of \$720,000. The Series 2012 bonds were in two lots, with \$125,000 accruing interest at 7.0% and maturing October 2026, and \$595,000 accruing interest at 7.25% and maturing in October 2014.

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE E - LONG-TERM LIABILITIES (continued)

2. Note payable (continued)

In November, 2022, the notes were paid off and a new mortgage in the amount of \$3,800,00 was secured. The prior mortgages, payable to TD Bank, were paid off in the amount of \$2,999,577 and \$587,747, accompanied by the closing costs, with a new disbursement to Brevard Innovative Charter Schools in the amount of \$157,860. The lender is Truist Bank.

The new note, which have maturity and interest rate terms mirroring the bonds, are secured by a pledge of revenues of the School and a Mortgage and Assignment Agreement of the School's "rents, leases and profits". Certain restrictive covenants are imposed by this debt, including maintaining the charter contract with the District and maintaining certain cash reserves. The interest rate is 5.25% per annum, with equal payments of \$25,777 payable on the 1st day of each month, commencing on January 1, 2023 and maturing on December 1, 2042.

Pledged revenues, comprising all revenues of the School, approximately \$6.7 million in Fiscal Year 2023, are significantly in excess of annual debt service requirements of \$309,524 in Fiscal Year 2024, and are expected to be adequate to fulfill the pledge for the remainder of the period the debt is outstanding.

In July 2020, the School executed another note payable with a finance company in the amount of \$214,612. The note accrues interest at 6.2%, matures In July 2025, and is collateralized with the School's buses. As of June 30, 2023, the outstanding balance of the note payable was \$92,977.

As of June 30, 2023, the outstanding balance of the promissory note xxxxxx6256 was \$3,746,723.74. The School was in compliance with its debt covenants at June 30, 2023.

The following is a schedule of future minimum payments for the School's long-term debt for the years ending June 30,

Fiscal year ending June 30:	Principal	Interest	Total
	\$	\$	\$
2024	155,185	201,831	357,016
2025	164,601	192,415	357,016
2026	129,138	184,160	313,298
2027	132,013	177,311	309,324
2028	127,226	156,321	283,547
2029-2033	798,735	737,630	1,536,365
2034-2038	1,037,902	498,463	1,536,365
2039-2043	1,313,013	176,465	1,489,478
	\$3,857,812	\$2,324,596	\$6,182,409

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE F - NET POSITION

At June 30, 2023, restricted net position consists of \$1,831,762 total, comprised of prepaid expenses in the amount of \$13,596, debt service funds in the amount of \$1,282,665 to service the future debt payments, and other governmental funds for CARES and Title II & IV in the amounts of \$535,501.

NOTE G - CONCENTRATIONS

Revenue sources

As stated in Note A-11, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Source	Amount
School Board of Brevard County:	
Base funding	\$ 2,649,108
Class size reduction	532,023
Discretionary Compression	73,950
Discretionary millage	310,903
ESE guaranteed allocation	160,796
Funding Compression	14,563
Instructional, materials Allocation	41,493
Library Media Allocation	2,618
MENTAL Health	25,427
Reading Allocation	29,250
Safe Schools	39,063
School Recognition	102,826
Science Lab Materials	
Supplemental Academic Instruction	147,411
Teacher Classroom Supply Assistance Program	9,785
Transportation	77,720
Administrative fee	(37,058)
Total State passed through School Board of Brevard County Florida	4,179,876
FAC Security Grant	8,809
Capital improvement surtax	481,005
IDEA	7,548
Capital outlay	299,897
Title II	22,148
Title IV	3,676
Teacher Salary Increase Allocation	139,318
Esser Reimbursements	596,142
Total revenues	\$ 5,738,420

Brevard Innovative Charter Schools, Inc
(A Component Unit of the School Board of Brevard County, Florida)

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023

NOTE H - COMMITMENTS AND CONTINGENCIES

1 Legal

The School may be involved in legal actions arising from the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Management is not aware of any pending or threatened litigation, claims or unasserted claims or assessments that may have a material effect on the School's financial statements.

NOTE I - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. General liability, automotive, and directors and officials' liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. There have been no significant changes in coverage limits, and no claims have been made over the past three years. Worker's compensation, in accordance with statutory limits, is provided by the School for its employees.

NOTE J - RETIREMENT PLAN

The School sponsors a defined contribution plan for all employees who have been employed full time with the School for three years. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides for employer matching contributions (3% for Fiscal Year 2022). During the year ended June 30, 2023, the School made contributions of \$67,757 to the plan.

NOTE K - SUBSEQUENT EVENTS

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 31, 2023, the date at which the financial statements were available to be issued, and has determined that no material events have occurred that would warrant additional disclosure in the financial statements except for as follows:

During the months of July through September 2023, it is anticipated that approximately \$50,000 will be spent to construct two bathrooms, with the funding being the VPK program.

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REQUIRED SUPPLEMENTARY INFORMATION

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	\$4,160,000	\$4,302,826	\$4,963,987	\$661,161
Gifts, grants, and bequests				0
Other revenues	293,440	373,284	971,615	598,331
Total revenues	<u>\$4,453,440</u>	<u>\$4,676,110</u>	<u>\$5,935,602</u>	<u>\$1,259,492</u>
Expenditures :				
Current:				
Basic instruction	\$2,793,165	\$2,889,892	\$2,867,370	-\$22,522
Exceptional students			229,093	229,093
Student support services	263,560	324,200	124,804	-199,396
Instructional media services			77,627	77,627
Instructional staff training services			27,731	27,731
Instruction related technology			83,068	83,068
Board			23,636	23,636
School administration	430,984	538,075	475,982	-62,093
Facilities Acquisition and Construction			40,311	40,311
Fiscal Services	26,100	28,000	0	-28,000
Student transportation services	79,325	85,325	72,576	-12,749
Operation of plant	476,458	647,057	653,990	6,933
Maintenance of plant	57,000	39,000	66,472	27,472
Community service	82,564	124,310	126,755	2,445
Debt Service			305,377	305,377
Total expenditures	<u>4,209,156</u>	<u>4,675,859</u>	<u>5,174,792</u>	<u>193,557</u>
Excess (deficiency) of revenues over (under) expenditures	244,284	251	760,809	1,065,935
Other financing sources and (uses)				
Transfers in				
Transfers out	(115,478)	(756,000)	(288,037)	-467,963
Total other financing sources and (uses)	<u>(115,478)</u>	<u>(756,000)</u>	<u>(288,037)</u>	<u>-467,963</u>
Net change in fund balance	128,806	-755,749	472,772	597,972
Fund balances at July 1, 2022	2,002,385	2,313,730	2,048,126	265,604
Fund balances at June 30, 2023	<u>\$2,131,191</u>	<u>\$1,557,981</u>	<u>\$2,520,898</u>	<u>\$863,576</u>

See accompanying note to the required supplementary information.

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – DEBT SERVICE**

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest income	200	20,000	33,476	13,476
Total Revenues	200	20,000		
Expenditures				
Pupil Transportation	47,600	47,600		47,600
Debt Service				
Principal	467,471	530,000	165,500	364,500
Interest			305,377	
Total Expenditures	515,071	577,600	470,877	106,723
Excess (deficiency) of Revenues over (Under) Expenditures	(514,871)	(557,600)	(470,877)	(86,723)
Other Financing sources				
Loans				
Transfers In	407,478	600,000	587,934	12,066
Transfers out	-			
Total Other Financing sources and (uses)	407,478	600,000	587,934	12,066
Net Change in Fund Balance	(107,393)	42,400	117,057	(74,657)
Fund Balance at July 1, 2022	1,165,608	1,165,608	1,165,608	1,165,608
Fund Balance at June 30, 2023	1,058,215	1,208,008	1,282,665	1,090,951

See accompanying note to the required supplementary information.

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND
ACTUAL-CAPITAL OUTLAY**

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	\$292,000	\$300,000	\$299,897	(\$103)
Other Revenues	300,000	500,000	481,005	(18,995)
Total Revenues	592,000	800,000	780,902	(19,098)
Expenditures	0	58,000	0	58,000
Total Expenditures	0	58,000	0	58,000
Excess (deficiency) of revenues over (under) expenditures	592,000	742,000	780,902	38,902
Other Financing sources		0		
Loans		0		
Transfers In				
Transfers Out	(592,000)	(742,000)	(780,902)	(38,902)
Net Change in Fund Balance	0	0	0	0
Fund Balance at July 1, 2022	0	0	0	0
Fund Balance at June 30, 2023	\$0.00	\$0.00	\$0.00	\$0.00

See accompanying note to the required supplementary information.

Brevard Innovative Charter Schools, Inc.
(A Component Unit of the School Board of Brevard County, Florida)

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2023

NOTE A - BUDGETARY INFORMATION

The School's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for all governmental fund activities and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2023 have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

COMPLIANCE INFORMATION



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

To the Board of Directors
Brevard Innovative Charter Schools, Inc.
d/b/a Sculptor Charter School
Titusville, 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, each major fund, and the aggregate remaining fund information of Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School"), a component unit of the School Board of Brevard County, Florida (the "District"), 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 August 31, 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.

Report 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 31, 2023
Miami, Florida



MANAGEMENT LETTER

To the Board of Directors
Brevard Innovative Charter Schools, Inc.
d/b/a Sculptor Charter School
Titusville, Florida

Report on the Financial Statements

We have audited the financial statements of Brevard Innovative Charter Schools, Inc. d/b/a Sculptor Charter School (the "School"), a component unit of the School Board of Brevard County, Florida (the "District"), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated August 31, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 this report, which is dated August 31, 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. The School did not have findings or recommendations in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 the school code assigned by the Florida Department of Education of the entity is Brevard Innovative Charter Schools, Inc., d/b/a Sculptor Charter School 056508.

Financial Condition and Management

Sections 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 the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and 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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the District, 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.



August 31, 2020

Miami, Florida

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
(A Component Unit of the School Board of Brevard County, Florida)
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

ASSETS	General Fund	Debt Service Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalent	\$1,876,456				\$1,876,456
Investment - Restricted		1,282,665			1,282,665
Interest Receivables	3,506				3,506
Receivables, net	14,971				14,971
Due from other agencies			24,344	535,501	559,845
Prepaid Expenses	13,596				13,596
Due from other funds					0
Total Assets	1,908,529	1,282,665	24,344	535,501	3,751,039
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	29,959				29,959
Accrued Payroll	280,619				280,619
Accrued compensated absences	10,058				10,058
Due to Other funds	0		24,344		24,344
Total Liabilities	320,636	0	24,344	0	344,980
FUND BALANCES					
Nonspendable					13,596
Prepaid Expenses	13,596				0
Deposit					
Restricted		1,282,665		535,501	1,818,166
Unassigned	1,574,297		0		1,574,297
Total Fund balances	1,587,893	1,282,665	0	535,501	3,406,059
Total Liabilities and Fund Balances	\$1,908,529	\$1,282,665	\$24,344	\$535,501	\$3,751,039