
RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I**

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of
Rise Education Schools, Inc., D/B/A
Rise Academy School of Science and Technology I
Margate, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Rise Education Schools, Inc., D/B/A Rise Academy School of Science and Technology I ("the Academy") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2018, which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academy. My responsibility is to express an opinion on these financial statements based on my audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board Members of
Rise Education Schools, Inc., D/B/A
Rise Academy School of Science and Technology I
Margate, Florida
Page 2

Opinion

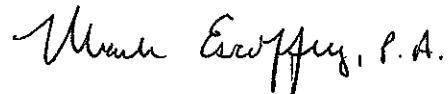
In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Academy as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 18, 2018, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Other Matters

Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 3 through 6 and 13 and 14 are presented to supplement the basic financial statements. Such information although not part of the basic financial statements, is required by the Governmental Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Palm Beach Gardens, Florida
September 18, 2018

RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Our discussion and analysis of Rise Education Schools, Inc., D/B/A Rise Academy School of Science and Technology I's ("the Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2018.

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

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

NON FINANCIAL HIGHLIGHTS

The Academy's daily enrollment for fiscal year ended June 30, 2018 was approximately 308 students, which was 8 more than budgeted. The Academy expects to have an enrollment of 320 students for the school year 2018-2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

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

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$417,576 at June 30, 2018.

NET ASSETS

	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
Current and Other Assets	\$ 307,580	\$ 336,601
Capital Assets	140,738	114,093
Total Assets	\$ 448,318	\$ 450,694
Other Liabilities	30,742	49,625
Total Liabilities	\$ 30,742	\$ 49,625
Investment in Capital Assets	\$ 140,738	\$ 114,093
Unrestricted	276,838	286,976
Total Net Position	\$ 417,576	\$ 401,069

Revenues from governmental activities totaled \$2,453,196 for the year ended June 30, 2018. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 87.1% of total revenue.

RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/18</u>	<u>% of Total 6/30/18</u>	<u>6/30/17</u>	<u>% of Total 6/30/17</u>
State Sources	\$ 2,194,158	85.8	\$ 2,221,234	86.7
Local Sources	102,189	3.9	28,855	1.2
Federal Sources	259,038	10.3	311,208	12.1
TOTAL	\$ 2,555,385	100.00	\$ 2,561,297	100.00

Federal Revenue Sources are primarily The National School Lunch Program (NSLP) and Title 1 grants.

Increases in levels of expenses for major functions of the Academy are shown in the following Table:

<u>Expense</u>	<u>6/30/18</u>	<u>% of Total 6/30/18</u>	<u>6/30/17</u>	<u>% of Total 6/30/17</u>
Instruction	\$ 1,486,008	58.5	\$ 1,179,646	51.7
Instructional Support Services	6,838	.3	38,323	1.7
Board Services	446	-	13,846	0.6
General Administration	85,595	3.4	84,594	3.7
School Administration	238,711	9.4	261,654	11.5
Facilities Acquisition	362,464	14.3	339,539	14.9
Fiscal Services	39,807	1.6	73,307	3.2
Food Services	106,453	4.2	135,503	5.9
Central Services	3,013	0.1	3,507	0.2
Pupil Transportation	43,785	1.7	45,085	2.0
Operation of Plant	98,706	3.9	43,287	1.9
Maintenance of Plant	45,504	1.8	46,203	2.0
Depreciation	21,548	.8	15,810	.7
TOTAL	\$ 2,280,304	100.0	\$ 2,280,304	100.0

BUDGETARY HIGHLIGHTS

Revenues from all Sources were approximately \$128,000 more than budgeted. Primarily because the Academy had more enrolment and capital outlay funds in the amount of \$55,791 was received but not budgeted.

Actual Academy expenditures were \$228,000 greater than budgeted, primarily because instruction costs were more than budgeted by \$484,000 but the other expenses i.e. School Administration, Instructional Support Services, Food, etc. were \$256,000 under budget.

Total fund balance of the General Fund was \$276,922 at June 30, 2018.

RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSETS

The Academy's investment in capital assets at June 30, 2018 was \$140,738 (net of depreciation). The investment includes leasehold improvements, furniture and fixtures, equipment and software. The following is a summary of capital assets balances at June 30, 2018:

Leasehold Improvements	\$ 155,972
Furniture, Fixtures and Equipment	311,990
Software	129,454
	<u>597,416</u>
Less Accumulated Depreciation	456,678
	<u><u>\$ 140,738</u></u>

PROSPECTS FOR THE FUTURE

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

- The Administration believes that the Academy will improve its rating from the Department of Education.
- The Administration believes that the Academy will continue to be successful and contribute to the educational requirements of Broward County.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academy. Requests for additional information should be addressed to Dr. Carmella Morton at Rise Academy School of Science and Technology I located at 6101 NW 31st Street, Margate, Florida 33063.

RISE EDUCATION SCHOOLS INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
Governmental Fund Balance Sheet (General Fund)
June 30, 2018

	<u>Governmental Funds</u>	<u>Capital Outlay</u>	<u>Total</u>
ASSETS			
Cash	\$236,932		\$236,932
Accounts receivable		\$4,543	4,543
Deposits	65,000		65,000
Prepaid expenses	1,105		1,105
Total Assets	<u>303,037</u>	<u>4,543</u>	<u>307,580</u>
LIABILITIES			
Accounts Payable	22,324	4543	26,867
Other Liabilities	3,875		3,875
Total Liabilities	<u>26,199</u>	<u>4,543</u>	<u>30,742</u>
FUND BALANCE			
Nonspendable	1,105		1,105
Restricted			
Unassigned	275,733		275,733
	<u>276,838</u>	<u>-</u>	<u>276,838</u>
Total Liabilities and Fund Balance	<u>\$303,037</u>	<u>\$4,543</u>	<u>\$307,580</u>

The accompanying notes are an integral part of this statement

RISE EDUCATION SCHOOLS INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
STATEMENT OF NET POSITION
For the Year ended June 30, 2018

ASSETS	Account Number	Primary Government		
		Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	1110	236,932		236,932
Accounts Receivable, Net	1130	4,543		4,543
Other assets		1,105		1,105
Deposits	1230	65,000		65,000
Issuance Costs				
Capital Assets:				
Improvements other than Buildings	1320	155,972		155,972
Less Accumulated Depreciation	1329	(145,386)		(145,386)
Furniture, Fixtures and equipment	1340	311,990		311,990
Less Accumulated Depreciation	1349	(214,422)		(214,422)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382	129,454		129,454
Less Accumulated Depreciation	1389	(96,870)		(96,870)
Total Assets		448,318		448,318
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	26,867		26,867
Other liabilities	23XX	3,875		3,875
Total Liabilities		30,742		30,742
NET POSITION				
Invested in Capital Assets, Net of Related Debt		140,738		140,738
Restricted For:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		276,838		276,838
Total Net Position		417,576		417,576

The accompanying notes are an integral part of this statement

RISE EDUCATION SCHOOLS INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2018

Fund Balance- Governmental Funds		\$276,838
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets		\$597,416
Less accumulated depreciation		(456,678)
		140,738
Net Position of Governmental activities		\$417,576

The accompanying notes are an integral part of this statement

RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
June 30, 2018

	<u>Governmental Funds</u>	<u>Special Revenue</u>	<u>Capital Outlay Fund</u>	<u>Total</u>
EXPENSES				
Instruction	\$1,402,961	\$83,047		\$1,486,008
Instructional Support Services	6,838			6,838
Board Services	446			446
General Administration	85,595			85,595
School Administration	238,711			238,711
Facilities Acquisition	221,529		140,935	362,464
Fiscal services	39,807			39,807
Food services		106,453		106,453
Central services	3,013			3,013
Pupil Transportation	43,785			43,785
Operation of Plant	98,706			98,706
Maintenance of Plant	45,504			45,504
Capital Outlay	48,193			48,193
TOTAL EXPENSES	<u>2,235,088</u>	<u>189,500</u>	<u>140,935</u>	<u>2,565,523</u>
PROGRAM REVENUES				
Florida Education Finance Program (FEFP)	2,138,367			2,138,367
Capital Grants and Contributions			55,791	55,791
Charges for Services				
Total Program Revenues	<u>2,138,367</u>		<u>55,791</u>	<u>2,194,158</u>
GENERAL REVENUES				
Other federal sources		259,038		259,038
Other Local sources	17,045		85,144	102,189
Total General Revenues	<u>17,045</u>	<u>259,038</u>	<u>85,144</u>	<u>361,227</u>
Excess of Revenues over expenses	(79,676)	69,538		(10,138)
Transfers	69,538	(69,538)		
Fund balance, beginning of Year	286,976			286,976
Fund balance, end of year	<u>\$276,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$276,838</u>

The accompanying notes are an integral part of this statement

RISE EDUCATION SCHOOLS, INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
STATEMENT OF ACTIVITIES
June 30, 2018

FUNCTIONS	Account Number	Expenses	Charges for Services	Program Revenues		Net (expense) /revenues and Changes in Net Position		Total
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:								
Instruction	5000	\$ 1,486,008	\$ 17,045	\$ 83,047		\$ (1,385,916)		(1,385,916)
Instructional Support Services	6200	6,838				(6,838)		(6,838)
Board Services	7100	446				(446)		(446)
School Administration	7300	238,711				(238,711)		(238,711)
General Administration	7200	85,595				(85,595)		(85,595)
Facilities Acquisition and Construction	7400	362,464			140,935	(221,529)		(221,529)
Fiscal services	7500	39,807				(39,807)		(39,807)
Food services	7600	106,453	876	175,990		70,413		70,413
Central services	7700	3,013				(3,013)		(3,013)
Pupil Transportation Services	7800	43,785				(43,785)		(43,785)
Operation of Plant	7900	98,706				(98,706)		(98,706)
Maintenance of plant	8100	45,504				(45,504)		(45,504)
Unallocated Depreciation Expense *		21,548				(21,548)		(21,548)
Total governmental activities		2,538,878	17,921	259,037	140,935	(2,120,985)		(2,120,985)
Taxes:								
						2,137,491		2,137,491
								0
						2,137,491		2,137,491
						16,506		16,506
						401,070		401,070
						\$417,576		\$417,576

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

The accompanying notes are an integral part of this statement

**RISE EDUCATION SCHOOLS INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2018**

Net Changes in Fund Balances- Governmental Funds (\$10,138)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	48,193	
Less current year depreciation	(21,548)	
	26,645	26,645

Payments from Debt issuance uses current resources from government funds, but issuing debt creates short term liabilities in the statement of net position

Change in Net Position of Governmental Activities	\$16,506
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The accompanying notes are an integral part of this statement

RISE EDUCATION SCHOOLS INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual- All Governmental Fund Types
For the Fiscal Year Ended June 30, 2018

	General Fund			Special Revenue			Capital Outlay Fund			TOTAL		
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance
	Budget	Actual		Budget	Actual		Budget	Actual		Budget	Actual	
EXPENDITURES:												
Instruction	\$921,796	\$1,402,961	\$481,165	\$80,036	\$83,047	(\$3,011)				\$1,001,832	\$1,486,008	(\$484,176)
Instructional Support Services	49,500	6,838	(42,662)							49,500	6,838	42,662
Board Services	19,500	446	(19,054)							19,500	446	19,054
General Administration	1,200	85,595	84,395							1,200	85,595	(84,395)
School Administration	434,450	238,711	(195,739)							434,450	238,711	195,739
Facilities Acquisition	317,000	221,529	(95,471)				140,935	(140,935)		317,000	362,464	(45,464)
Fiscal services	168,600	39,807	(128,793)							168,600	39,807	128,793
Food services				137,680	106,453	31,227				137,680	106,453	31,227
Central services	1,200	3,013	1,813							1,200	3,013	(1,813)
Pupil Transportation	47,000	43,785	(3,215)							47,000	43,785	3,215
Operation of Plant	127,900	98,706	(29,194)							127,900	98,706	29,194
Maintenance of Plant	7,500	45,504	38,004							7,500	45,504	(38,004)
Community Services	24,000									24,000		24,000
Capital Outlay Outlay		48,193	48,193								48,193	(48,193)
	2,119,646	2,235,088	139,442	217,716	189,500	28,216	140,935	(140,935)		2,337,362	2,565,523	(228,161)
PROGRAM REVENUES:												
Florida Education Finance Program	2,062,728	2,138,367	75,639							2,062,728	2,138,367	75,639
Capital Grants and Contributions							55,791	(55,791)			55,791	55,791
	2,062,728	2,138,367	75,639				55,791	(55,791)		2,062,728	2,194,158	131,430

The accompanying notes are an integral part of this statement

RISE EDUCATION SCHOOLS INC.
D/B/A RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY 1
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual- All Governmental Fund Types
For the Fiscal Year Ended June 30, 2018 (Cont'd)

	General Fund			Special Revenue			Capital Outlay Fund			TOTAL		
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance
	Budget	Actual		Budget	Actual		Budget	Actual		Budget	Actual	
GENERAL REVENUES:												
Other federal sources				280,036	259,038	(20,998)				280,036	259,038	(20,998)
Other local sources	17,045	17,045					85,144				17,045	17,045
	17,045	17,045		280,036	259,038	(20,998)	85,144			280,036	276,083	(3,953)
Excess of Expenditures over Revenue	<u>\$ (56,918)</u>	<u>(79,676)</u>	<u>(\$46,758)</u>	<u>\$ 62,320</u>	<u>69,538</u>	<u>\$ 7,218</u>	<u>0</u>	<u>0</u>	<u>85,144</u>	<u>\$5,402</u>	<u>(95,282)</u>	<u>\$355,638</u>
Transfers	69,538				\$ (69,538)							
Fund Balance, Beginning of Year	<u>286,976</u>				<u>-</u>					<u>286,976</u>		
Fund Balance, End of year	<u>\$276,838</u>				<u>\$0</u>			<u>\$0</u>		<u>\$276,838</u>		

The accompanying notes are an integral part of this statement

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Rise Education Schools, Inc., D/B/A Rise Academy School of Science and Technology I (“the Academy”) was established as a nonprofit organization under the laws of the State of Florida and is the reporting entity.

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

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract is effective through June 30, 2019. The Contract requires The School Board to provide the Academy’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

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

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

Basic Financial Statements

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

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements (cont'd.)

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

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

Fund Financial Statements

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

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

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

Basis of Accounting

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

Accrual

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

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus

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

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

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

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

Use of Estimates

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

Concentration of Credit Risk

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

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

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurements

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

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

Contributed Services and Facilities

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

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year expenditures were controlled at the object level (i.e. salaries, purchased services, and capital outlay).

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets

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

Leasehold Improvements	Life of Lease
Furniture, Fixtures and Equipment	3-10 Years
Software	3 Years

Revenue Sources

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

Fund Balance Classifications

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

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

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Fund Balance Classifications (Cont'd.)

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

Order of Fund Balance Spending Policy

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

Transfers

Funds were transferred from the Special Revenue Fund to the General Fund in the amount of \$69,538, as these expenses exceeded revenues.

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 were as follows:

	Balance <u>Beginning</u>	Additions	Disposals	Balance <u>Ending</u>
Leasehold Improvements	\$ 155,972	\$ -	\$ -	\$ 155,972
Furniture, Fixtures and Equipment	263,797	48,193	-	311,990
Computer Software	129,454	-	-	129,454
	<u>549,223</u>	<u>48,193</u>	<u>-</u>	<u>597,416</u>
Less Accumulated Depreciation	435,130	(21,548)	-	435,130
NET CAPITAL ASSETS	<u>\$ 114,093</u>	<u>\$ 26,645</u>	<u>\$ -</u>	<u>\$ 140,738</u>

Depreciation expense of \$21,548 was unallocated during the year ended June 30, 2018.

Beginning balances were adjusted to reflect actual amounts.

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 3 – COMPENSATED ABSENCES

Employees of the Academy are entitled to paid vacation and sick days depending on length of services. The Academy’s policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 4 – CONTRACTS

The Academy has a Contract with Charter School Services Corp., to provide accounting, financial management and budgeting services. The terms of the Contract are for 10 years and expires on December 31, 2025. Under the terms of the Contract the Company was to receive \$120 per full time equivalent (FTE) student per year. Fees paid for the year ended June 30, 2018 amounted to \$21,600.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Lease Agreements

The Academy leases its administrative and classroom facilities under a non-cancelable operating lease that expires in June 2019. Annual rental expenses were approximately \$299,808 for the year ended June 30, 2018. Minimum payments under this lease, assuming the lease will be renewed and also the Charter with Broward County School Board are as follows:

2019	308,000
2020	318,000
2021	328,000
2022	338,000
2023	348,000
	<u>\$ 1,640,000</u>

Risk Management

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

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

**RISE EDUCATION SCHOOLS, INC., D/B/A
RISE ACADEMY SCHOOL OF SCIENCE AND TECHNOLOGY I
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 18, 2018. Management's evaluation did not reveal any subsequent events that would have a material effect on the financial statements.

Mark Escoffery, P.A.

Certified Public Accountant

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

To the Board Members of
Rise Education Schools, Inc., D/B/A
Rise Academy School of Science and Technology I
Margate, Florida

I have audited the financial statements of Rise Education Schools, Inc., D/B/A Rise Academy School of Science and Technology I ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2018, and have issued my report thereon dated September 18, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd.)

To the Board Members of
Rise Education Schools, Inc., D/B/A
Rise Academy School of Science and Technology I
Margate, Florida
Page 2

Compliance and Other Matters

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

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

Mark EscOFFey, P.A.

Palm Beach Gardens, Florida
September 18, 2018

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board Members of
Rise Education Schools, Inc., D/B/A
Rise Academy School of Science and Technology I
Margate, Florida

Report on the Financial Statements

I have audited the financial statements of the Rise Education Schools, Inc., D/B/A Rise Academy School of Science and Technology I, Florida, as of and for the fiscal year ended June 30, 2018, and have issued my report thereon dated September 18, 2018.

Auditor's Responsibility

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

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The finding and recommendation made in the preceding annual financial audit report was implemented.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Rise Education Schools, Inc., D/B/A Rise Academy School of Science and Technology I.

MANAGEMENT LETTER
(Continued)

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not the Rise Academy School of Science and Technology I has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Rise Academy School of Science and Technology I 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, I applied financial condition assessment procedures for the Rise Academy School of Science and Technology I. It is management's responsibility to monitor the Rise Academy School of Science and Technology I's financial condition and my financial condition assessment was based in part on representations made by management and review of financial information provided by same. Financial assessments made including a review of subsequent financial statements did not indicate that the Academy's financial condition is deteriorating.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether or not the Rise Academy School of Science and Technology I maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Rise Academy School of Science and Technology I maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial Management. In connection with my audit, I did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

MANAGEMENT LETTER
(Continued)

Purpose of this Letter

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

Mark Escoffery, P.A.

Mark Escoffery, P.A.
Palm Beach Gardens, Florida
September 18, 2018