

**CONNECTIONS EDUCATION CENTER OF  
THE PALM BEACHES, INC.**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**Year Ended June 30, 2024**

**Connections Education Center of the Palm Beaches, Inc.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Connections Education Center of the Palm Beaches, Inc.  
West Palm Beach, Florida

### Report on the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Connections Education Center of the Palm Beaches, Inc. ("the Center"), a charter school, as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Connections Education Center of the Palm Beaches, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Center, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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's for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 GAAS 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 GAAS 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 Center'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 Center'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 26-27 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 GAAS, 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 September 27, 2024, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Guller Robinson CPA, LLC". The signature is written in a cursive style and is positioned above a light blue rectangular background.

Boca Raton, FL  
September 27, 2024

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

Our discussion and analysis of the Connections Education Center of the Palm Beaches, Inc.'s ("Center") financial program provides an overview of the Center's financial activities for the year ended June 30, 2024.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Center's financial statements which begin on page 10.

For financial statement purposes for the year ended June 30, 2024, the Center is not considered a component unit of the Palm Beach County District School Board, Florida, which is a primary government entity for financial reporting. The Center has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of the Center by providing information on inflows and outflows of spendable resources, while the Statement of Net Position and the Statement of Activities provide information on the activities of the Center.

## **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 Center's financial position. Included in these statements are all assets and liabilities using the accrual method of accounting. All of the current year's revenues and expenses are recorded when received.

*The Statement of Net Position* presents information on all of the Center'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 Center is improving or deteriorating.

*The Statement of Activities* presents information showing how the governmental net assets changed during the most recent fiscal year. All changes in net assets 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.

*Governmental Funds* - All of the Center'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.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

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 Center'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 16-25 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the Center's financial position. Current and other assets of the Center, primarily consisting of cash, increased as a result of the an increase in a related party receivable in the current fiscal year. Capital assets increased due to major purchases for IT infrastructure, physical entry to the Center and computer and related equipment. Leases are now required to be reported in the statement of net position as an intangible asset titled right-to-use lease asset with a corresponding lease liability. The decrease in noncurrent liabilities stems from the annual lease payments. The Center's assets exceeded liabilities by \$919,905 and \$603,119 at June 30, 2024 and June 30, 2023, respectively. The increase in restricted net position is due to donations made during the current fiscal year that were earmarked for the purchase of the new playground.

**NET POSITION**

	<b>2024</b>	<b>2023</b>	<b>Variance</b>
Current assets	\$ 1,060,029	\$ 915,169	\$ 144,860
Capital assets	2,434,208	2,467,810	(33,602)
Total assets	3,494,237	3,382,979	111,258
Current liabilities	\$ 222,802	\$ 195,882	\$ 26,920
Non-current liabilities	2,351,530	2,583,978	(232,448)
Total liabilities	2,574,332	2,779,860	(205,528)

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Net Position

Investments in Capital Assets	\$ 82,678	\$ (116,168)	\$ 198,846
Unrestricted	707,560	669,287	38,273
Restricted	<u>129,667</u>	<u>50,000</u>	<u>79,667</u>
Total Net Position	<u>919,905</u>	<u>603,119</u>	<u>316,786</u>
Total Liabilities and Net Position	\$ <u>3,494,237</u>	\$ <u>3,382,979</u>	\$ <u>111,258</u>

<u>Revenue Sources</u>	<u>2024</u>	<u>2023</u>	<u>Variance</u>
State passed through local school	\$ 3,159,620	\$ 2,770,218	\$ 389,402
Federal passed through local schools	370,919	895,048	(524,129)
Interest income	11,166	2,646	8,520
Other revenue	<u>2,227,267</u>	<u>1,235,738</u>	<u>991,529</u>
Total	\$ 5,768,972	\$ 4,903,650	\$ 865,322

Revenues for governmental activities totaled \$5,768,972 and \$4,903,650 for the years ended June 30, 2024 and 2023, respectively. The main sources of revenue were from the Florida Education Finance Program ("FEFP"), private donations and various grants. FEFP revenues represented approximately 53% and 55%, respectively, of total revenue for the years ended June 30, 2024 and 2023. Other revenue increased from 2023 to 2024 primarily as the result of the allocation and retroactive \$651,121 payment received for tax referendum to the Center.



**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Expenses for major functions of the Center are shown in the following table:

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
Basic instruction	\$ 2,396,587	\$ 2,255,045	\$ 141,542
Student support services	759,681	612,112	147,569
Instructional related technology	118,845	103,810	15,035
Board	15,274	52,670	(37,396)
General administration	33,271	31,984	1,287
School administration	287,232	234,895	52,337
Facilities acq and construction	285,752	365,101	(79,349)
Fiscal services	78,160	103,784	(25,624)
Pupil transportation services	169,236	106,304	62,932
Operation of plant	705,956	378,516	327,440
Maintenance of plant	11,280	-	11,280
Community activities	467,003	419,744	47,259
Interest - lease activities	123,909	134,739	(10,830)
Totals	\$ 5,452,186	\$ 4,798,704	\$ 653,482

The largest increases occurred in the instruction, student support and operation of plant functions. The increase in instruction and student support services resulted from the increase in revenue from the prior year which resulted in an increase to teacher salaries and hiring of additional support personnel. The increase in operation of plant is the result of the Center being required to maintain and pay for its own property insurance which was more than \$200,000 in the current fiscal year.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>variance</u>
Revenue	\$ 5,768,972	\$ 4,903,650	\$ 865,322
Expenditures	(5,651,032)	(6,613,011)	961,979
Other financing sources, net of debt costs	<u>-</u>	<u>1,977,109</u>	<u>(1,977,109)</u>
Total	117,940	267,748	(149,808)
<b><u>Fund Balance</u></b>			
Fund balance, beginning of year	<u>719,287</u>	<u>545,938</u>	<u>173,349</u>
Prior period adjustment for lease	-	(94,399)	(94,399)
Fund balance, end of year	\$ <u>837,227</u>	\$ <u>719,287</u>	\$ <u>117,940</u>

**CURRENT YEAR VS PRIOR YEAR RESULTS**

2023-2024 was the sixth year that the Center enrolled students as a charter school. Total revenue was \$5,768,972 and \$4,903,650 for the years ended June 30, 2024 and 2023, respectively. The increase in revenue was the result of the Center receiving additional funds from fundraising and a retroactive referendum payment. Total expenses were \$5,651,032 and \$6,613,011 for the years ended June 30, 2024 and 2023, respectively. The decrease in expenses is primarily attributable to an increase in facilities acquisition in 2023 which required the total lease cost amendment to be recorded as an expense on a fund basis.

**BUDGETARY HIGHLIGHTS – GENERAL FUND**

Actual revenue was approximately \$1,150,000 over the budgeted revenue mostly due to the Center received a retroactive referendum payment for approximately \$650,000 and additional donations received in the 2<sup>nd</sup> half of the fiscal year that were not budgeted for. Actual expenses were approximately \$1,100,000 over budgeted due an increase in operation of plant as the Center had to obtain its own property insurance. In addition, there was additional spending that was the result of receiving the retroactive referendum funds and additional fundraising dollars that weren't included in the budget.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**INVESTMENTS**

In June 2021, the Center contributed \$50,000 to start the Connections Education Center Endowment Fund which is being run through the Community Foundation for the Palm Beaches and Martin Counties. These funds cannot be used for any purpose and have been recorded as restricted in the statement of net position.

**NON-CURRENT LIABILITES**

As previously noted, the Center adopted GASB No. 87 – *Leases* which resulted in non-current lease liability on the statement of net position. Instead of expensing the lease payments, the lease liability is amortized over the life of the lease. In the current fiscal year, the lease liability decreased because of payments on the leases.

**PROSPECTS FOR THE FUTURE**

The Center continues to search for private donors to generate additional revenues to support operations. The Center is under contract to install a new playground which hopes to be completed by early 2025. In addition, the Center is currently entertaining the idea of purchasing a building – either the existing one that they currently rent or another unrelated facility. The Center has been begun discussions with consultants to see if they can purchase their building through the issuance of a revenue bond.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Connections Education Center of the Palm Beaches, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Connections Education Center of the Palm Beaches, Inc., 1310 Old Congress Ave., Suite 100, West Palm Beach, FL 33409.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

		Governmental Activities
<b>ASSETS</b>		
Cash	\$	400,331
Investments		51,586
Accounts receivable, net		31,168
Due from related party		518,348
Deposit		51,833
Prepaid expenses		6,763
Capital assets, net of accumulated depreciation		2,434,208
Total assets	\$	3,494,237
<b>LIABILITES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$	18,203
Accrued salaries and payroll deductions		204,599
Total current liabilities		222,802
<b>NON-CURRENT LIABILITIES</b>		
Portion due within one year		
Lease obligatons		236,635
Portion due after one year		
Lease obligatons		2,114,895
Total non-current liabilities		2,351,530
Total liabilities		2,574,332
<b>NET POSITION</b>		
Investment in capital assets, net of related debt		82,678
Unrestricted		707,560
Restricted		129,667
Total net position		919,905
Total liabilities and net position	\$	3,494,237

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Basic instruction	\$ 2,396,587	\$ -	\$ 319,381	\$ -	\$ (2,077,206)
Student support services	759,681	-	45,572	-	(714,109)
Instructional media services	-	-	-	-	-
Instructional staff training	-	-	-	-	-
Instructional related technology	118,845	-	-	-	(118,845)
Board	15,274	-	-	-	(15,274)
General administration	33,271	-	-	-	(33,271)
School administration	287,232	-	-	-	(287,232)
Facilities acquisition and construction	285,752	-	-	75,793	(209,959)
Fiscal services	78,160	-	-	-	(78,160)
Central services	-	-	-	-	-
Pupil transportation services	169,236	-	-	-	(169,236)
Operation of plant	705,956	-	-	-	(705,956)
Maintenance of plant	11,280	-	-	-	(11,280)
Community activities	467,003	-	-	-	(467,003)
Interest - lease liability	123,909	-	-	-	(123,909)
Total governmental activities	\$ <u>5,452,186</u>	\$ <u>-</u>	\$ <u>364,953</u>	\$ <u>75,793</u>	\$ <u>(5,011,440)</u>

General Revenues	
Grants and contributions not restricted to specific programs	5,966
State revenues	3,083,827
Investment earnings	11,166
Miscellaneous	2,227,267
Total General Revenues	<u>5,328,226</u>
Change in net position	316,786
Net position, July 1, 2023	603,119
Net position, June 30, 2024	\$ <u>919,905</u>

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 400,331	\$ -	\$ -	\$ 400,331
Investments	51,586	-	-	51,586
Accounts receivable	27,473	-	3,695	31,168
Due from funds	3,695	-	-	3,695
Due from related party	518,348	-	-	518,348
Deposit	51,833	-	-	51,833
Prepaid expenses	6,763	-	-	6,763
Total Assets	<u>\$ 1,060,029</u>	<u>\$ -</u>	<u>\$ 3,695</u>	<u>\$ 1,063,724</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,203	\$ -	\$ -	\$ 18,203
Accrued salaries and payroll deductions	204,599	-	-	204,599
Due to funds	-	-	3,695	3,695
Total Liabilities	<u>222,802</u>	<u>-</u>	<u>3,695</u>	<u>226,497</u>
<b>FUND BALANCES</b>				
Nonspendable	58,596	-	-	58,596
Restricted	129,667	-	-	129,667
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	648,964	-	-	648,964
Total Fund Balances	<u>837,227</u>	<u>-</u>	<u>-</u>	<u>837,227</u>
Total Liabilities and Fund Balances	<u>\$ 1,060,029</u>	<u>\$ -</u>	<u>\$ 3,695</u>	<u>\$ 1,063,724</u>

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

Fund Balance - Governmental Funds		\$ 837,227
<p>Capital assets and right to use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$ 3,479,428	
Less accumulated depreciation and amortization	<u>(1,045,220)</u>	2,434,208
<p>Lease liabilities are reported as financing sources in the general fund and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases current liabilities and does not affect the Statement of Activities.</p>		
		<u>(2,351,530)</u>
Net Position of Governmental Activities		<u><u>\$ 919,905</u></u>

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Federal passed through local school district	\$ 5,966	\$ 364,953	\$ -	\$ 370,919
State passed through local school district	3,083,827	-	75,793	3,159,620
Other revenue	2,227,267	-	-	2,227,267
Investment earnings	11,166	-	-	11,166
<b>TOTAL REVENUES</b>	<b>5,328,226</b>	<b>364,953</b>	<b>75,793</b>	<b>5,768,972</b>
<b>EXPENDITURES/EXPENSES</b>				
Basic instruction	2,071,900	319,381	-	2,391,281
Student support services	714,109	45,572	-	759,681
Instructional related technology	163,819	-	-	163,819
Board	15,274	-	-	15,274
General administration	33,271	-	-	33,271
School administration	286,825	-	-	286,825
Facilities acquisition and construction	(1,107)	-	75,793	74,686
Fiscal services	78,160	-	-	78,160
Central services	-	-	-	-
Pupil transportation services	281,424	-	-	281,424
Operation of plant	731,971	-	-	731,971
Maintenance of plant	11,280	-	-	11,280
Community activities	467,003	-	-	467,003
Debt service	-	-	-	-
Principal payments - lease liability	232,448	-	-	232,448
Interest - lease liability	123,909	-	-	123,909
<b>Total expenses</b>	<b>5,210,286</b>	<b>364,953</b>	<b>75,793</b>	<b>5,651,032</b>
Excess (deficiency) of revenues over (under) expenses	117,940	-	-	117,940
Other financing sources				
Building lease liability	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balance	117,940	-	-	117,940
Fund balances, July 1, 2023	719,287	-	-	719,287
Fund balances, June 30, 2024	\$ 837,227	\$ -	\$ -	\$ 837,227

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



**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2024**

Net Change in fund balances - governmental funds	\$	117,940
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Expenditures for capital assets	\$	311,647	
Less current year depreciation and amortization		<u>(345,249)</u>	(33,602)

The issuance of noncurrent debt provides current financial resources to governmental funds. This amount represents the current year additions to noncurrent debt

Less current year lease repayments		<u>232,448</u>	<u>232,448</u>
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Change in Net Position of Governmental Activities	\$	<u><u>316,786</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting Entity

Connections Education Center of the Palm Beaches, Inc. (the “Center”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the Palm Beach County District School Board, Florida (“the District”). Under the Contract, the Center provides an education to children with Autism Spectrum Disorder grades K-8 who reside in Palm Beach County. The Center was initially formed as a non-profit private school and received a tax-exempt designation effective April 20, 2015. The governing body of the Center is the Board of Directors, which is composed of eleven members.

The Center is a non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The general operating authority of the Center is contained in Section 1002.33, Florida Statutes. The current charter is for a term of 10 school years commencing with the 2022 - 2023 school year. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the Center 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.

Criteria for determining if other entities are potential component units which should be reported within the Center’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Center is financially accountable and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Center.

As a result of implementing GASB 61, *The Financial Reporting Entity: Omnibus*, the District and its auditors are of the opinion that the Center is no longer to be treated as a component unit for financial reporting purposes. There is no change in the relationship with the District or the District’s oversight or monitoring responsibilities.

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 of the nonfiduciary activities of the Center. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Center does not engage in any business type activities.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-Wide and Fund Financial Statements (continued)

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets; restricted net position; and unrestricted net position. 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.

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 Center 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.

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of the Center's highest level of decision-making authority. Commitments may be changed or lifted only by the Center taking the same formal action that imposed the constraint originally.
- Assigned fund balance - comprises amounts intended to be used by the Center for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-Wide and Fund Financial Statements (continued)

- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

Separate fund financial statements report detailed information about the Center's governmental funds. 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. All the Center's funds were deemed 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 governmental 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, considered to be sixty days. 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 expenditures only when payment is due.

The Center'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 on the basis of 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 Center reports the following major governmental funds:

General Fund — the general operating fund of the Center. It is used to account for all financial resources not required to be accounted for in another fund.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - to account for the proceeds Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

The Center has a revenue spending policy that provides for programs with multiple revenue sources. The board of directors will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The board of directors has the authority to deviate from this policy if it is in the best interest of the Center.

4. Budgetary Basis of Accounting

The Center’s annual budgets are adopted for the entire operations of the Center and may be amended by the Board of Directors (the “Board”). Since the budgetary basis differs from generally accepted accounting principles (“GAAP”), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

5. Cash

Cash is made up of cash on hand at the Center and/or checking and a money market account held at one financial institution. The Center has no cash equivalents.

6. Capital Assets

Capital assets, which include property, plant, and equipment and right-to-use lease assets, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the Center as assets with an initial individual cost of more than \$1,000 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. For the year ended June 30, 2024, the Center recorded net capital assets of \$2,434,207.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property, plant, and equipment of the Center are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures, and equipment	5 - 10
School bus	5 - 10
Right-to-use lease assets	2 - 12

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**7. Revenue Sources**

Revenues for current operations are received primarily from the State of Florida passed through the District to the Center pursuant to the funding provisions included in the Center’s charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Center reports the number of full-time equivalent (FTE) students and related data to the District. 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 (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for the Center is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the Center during designated FTE student survey periods.

The Center 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 expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, miscellaneous revenues are derived from various fundraising activities and private donations.

**8. 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.

**9. Income taxes**

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center’s federal income tax returns for 2022-2024 remain subject to examination by major tax jurisdictions.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Recent accounting pronouncement

In June 2017, the GASB issued Statement on the Governmental Accounting Standards Board (GASB) No. 87 – *Leases*. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirement of this statement is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The Center adopted this statement for the year ended June 30, 2022. The adoption did not result in any changes to previously reported amounts of net position or fund balances. See Notes C and H for additional information about the Center's leases.

**NOTE B – CONCENTRATIONS**

1. Revenue Sources

As stated in Note A-7, the Center receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
Federal grants through local district	\$ 370,919
State funding through local district	3,159,620
Aftercare and other revenue	<u>2,238,433</u>
	<u>\$5,768,972</u>

2. Cash

Under Chapter 280, Florida Statutes, the Center's deposits must be placed in banks and savings and loans which are qualified as public depositories. The Center maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE C – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2024 was as follows:

	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance at June 30, 2024</u>
Capital assets depreciated and amortized:				
Furniture, fixtures and equipment	\$ 177,678	\$ 177,046	\$ -	\$ 354,724
Right-to-use leased assets	2,903,941	-	-	2,903,941
Buses	<u>86,162</u>	<u>134,601</u>	<u>-</u>	<u>220,763</u>
Total assets depreciated and amortized	<u>\$ 3,167,781</u>	<u>\$ 311,647</u>	<u>\$ -</u>	<u>\$ 3,479,428</u>
Less Accumulated depreciation and amortization				
Furniture, fixtures and equipment	\$ 108,599	\$ 50,611	\$ -	\$ 159,210
Right-to-use leased assets	526,092	272,225	-	798,317
Buses	<u>65,281</u>	<u>22,413</u>	<u>-</u>	<u>87,694</u>
Total assets depreciated and amortized	<u>\$ 699,971</u>	<u>\$ 345,250</u>	<u>\$ -</u>	<u>\$ 1,045,221</u>
Total governmental activities Capital assets, net				<u>\$ 2,434,207</u>

Depreciation and amortization expense of \$345,250 was charged to the basic instruction (\$19,204), instructional-related technology (\$6,425), school administration (\$6,320), facilities acquisition (\$268,502), plant operation (\$22,385) and transportation services (\$22,413) functions for the year ended June 30, 2024.

**NOTE D – ACCOUNTS RECEIVABLE**

Accounts receivable consists of amounts due related to capital outlay as well as miscellaneous amounts due from the before and aftercare program. Management is of the opinion that the balance is fully collectible on June 30, 2024 and has not established an allowance for bad debts.

**NOTE E – COMMITMENTS AND CONTINGENCIES**

The Center receives most of its funding from the District through the Florida Education Finance Program (FEFP), which is based on the number of full-time equivalent (FTE) students attending the Center. The FTE count is subject to audit and if discrepancies are found, it could result in funds owed to the state or future decreases in funding. If any such errors were found, management has taken the position that any funds to be refunded would not be material to the Center's net financial position.



**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE E – COMMITMENTS AND CONTINGENCIES (continued)**

In the normal course of conducting its operations, the Center may become party to legal actions and proceedings. Management has determined that the ultimate resolution of such legal matters, if any, will not have a significant effect on the accompanying financial statements.

**NOTE F – DEFINED CONTRIBUTION PLAN**

The Center offers a defined contribution plan named Connections Education Center of the Palm Beaches 403(b) Plan. To be eligible to participate in the plan, participants must be at least 18 years old. Participants can elect to contribute up to 100% of their salary, subject to annual IRS limitations. The plan document states that the Center will not make any contributions to the plan. Therefore, for the year ended June 30, 2024, the Center made no contribution to the plan.

**NOTE G – DUE FROM RELATED PARTY**

During the year ended June 30, 2024, the Center shared certain employee and rent expenses with a high school located at the same facility. The allocation of shared costs was based on student count in both schools which resulted in 71% of the shared costs being allocated to the Center. These are considered arms-length transactions and on June 30, 2024, the related party owed the Center \$518,348. Management has determined this amount to be 100% collectible.

**NOTE H – NONCURRENT LIABILITIES**

The Center has a lease agreement for its premises. In September 2022, the landlord sold the building and the new landlord entered into an amended lease agreement for the premises which provided the Center with a lease through June 30, 2032. The amended lease also includes two additional five-year terms if the Center so chooses to extend. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2024. In addition, the school leased some equipment with terms that run through January 2026. For the year ended June 30, 2024, interest expense totaled \$123,909, as it relates to its lease agreements. For 2024, there were no variable payments related to the lease agreements.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE H – NONCURRENT LIABILITIES (continued)**

The following table summarizes the Center’s future debt service as of June 30, 2024:

Year ending <u>June 30,</u>	Lease liability <u>Principal</u>	Lease liability <u>Interest</u>
2025	\$ 236,635	\$ 112,188
2026	242,576	100,199
2027	251,386	87,907
2028	292,543	74,403
2029	317,004	68,342
Thereafter	<u>1,011,386</u>	<u>83,155</u>
Total	<u>\$2,351,530</u>	<u>\$ 526,194</u>

Changes in long term lease liabilities during the year are as follows:

	Balance <u>07/01/23</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>06/30/24</u>
Lease liability	\$ 2,583,978	\$ -	\$ (232,448)	\$ 2,351,530

**NOTE I - RISK MANAGEMENT**

The Center 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 Center purchases commercial insurance for all material risks of loss to which the Center is exposed, including general liability, property and workers compensation.

The Center did not have any settlements that exceeded insurance coverage for the years ended June 30, 2022 – 2024.

**NOTE J – ENDOWMENT**

On June 18, 2021, the Center established the Connections Education Center Endowment Fund through the Community Foundation for Palm Beach and Martin Counties with a \$50,000 contribution. These funds are presented on the statement of net position as an investment and restricted net position. These funds, plus future contributions and subsequent earnings are restricted in nature as the Center does not have control over access to them. At the current time, no funds shall be distributed from the endowment.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE K – RESTRICTED NET POSITION**

During the fiscal year ended June 30, 2024, the Center received donations of \$131,500 that were restricted in their use to purchase a new playground. The Center contracted with a provider to purchase the playground and paid a \$51,833 deposit which was owed at the time the contract was signed in July 2023. The remaining \$79,667 has been recorded as restricted net position at June 30, 2024.

**NOTE L – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 27, 2024, which is the date the financial statements became available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(UNAUDITED)**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ 10,000	\$ 10,000	\$ 5,966	\$ 4,034
State passed through local school district	2,895,425	2,895,425	3,083,827	188,402
Other revenue	1,269,072	1,269,072	2,227,267	958,195
Total revenues	4,174,497	4,174,497	5,317,060	1,150,631
<b>Expenses</b>				
Basic instruction	1,945,486	1,945,486	2,071,900	126,414
Student support services	590,163	590,163	714,109	123,946
Instructional related technology	-	-	163,819	163,819
Board	50,500	50,500	15,274	(35,226)
General administration	-	-	33,271	33,271
School administration	255,491	255,491	286,825	31,334
Facilities acquisition and construction	343,500	343,500	(1,107)	(344,607)
Fiscal services	75,626	75,626	78,160	2,534
Central services	-	-	-	-
Pupil transportation services	118,533	118,533	281,424	162,891
Operation of plant	376,638	376,638	731,971	355,333
Maintenance of plant	-	-	11,280	11,280
Community activities	343,741	343,741	467,003	123,262
Debt service				
Principal payments - lease liability		-	232,448	232,448
Interest - lease liability	-	-	123,909	123,909
Total expenses	4,099,678	4,099,678	5,210,286	1,110,608
Excess (deficiency) of revenues over (under) expenses	74,819	74,819	106,774	40,023
<b>Other financing sources</b>				
Building lease liability	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	74,819	74,819	106,774	40,023
Fund balance, July 1, 2023	719,287	719,287	719,287	-
Fund balance, June 30, 2024	\$ 794,106	\$ 794,106	\$ 826,061	\$ 40,023

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(UNAUDITED)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>				
Federal passed through local school district	\$ 333,448	\$ 333,448	\$ 364,953	\$ 31,505
State passed through local school district	-	-	-	-
Other revenue	-	-	-	-
	<u>333,448</u>	<u>333,448</u>	<u>364,953</u>	<u>31,505</u>
<b>Expenses</b>				
Basic instruction	101,138	101,138	319,381	218,243
Student support services	232,310	232,310	45,572	(186,738)
Instructional related technology	-	-	-	-
Board	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Fiscal services	-	-	-	-
Central services	-	-	-	-
Pupil transportation services	-	-	-	-
Operation of plant	-	-	-	-
Maintenance of plant	-	-	-	-
Community activities	-	-	-	-
Debt service	-	-	-	-
Principal payments - lease liability	-	-	-	-
Interest - lease liability	-	-	-	-
	<u>333,448</u>	<u>333,448</u>	<u>364,953</u>	<u>31,505</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



**INDEPENDENT AUDITORS' 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  
Connections Education Center of the Palm Beaches, Inc.  
West Palm Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities and each major fund the Connections Education Center of the Palm Beaches, Inc., (the "Center," a nonprofit organization), a charter school, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Connections Education Center of the Palm Beaches, Inc.'s basic financial statements, and have issued our report thereon dated September 27, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 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.

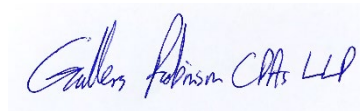
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Center’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 determination of financial statement amounts. 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 organization’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Guller Fabian CFPs LLP". The signature is written in a cursive style and is positioned above a light blue rectangular background.

September 27, 2024  
Boca Raton, Florida





**Management Letter as Required by the Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of  
Connections Education Center of the Palm Beaches, Inc.  
West Palm Beach, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Connections Education Center of the Palm Beaches, Inc., Florida, as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 27, 2024.

**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 that report, which is dated September 27, 2024, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

**Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity 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 are Connections Education Center of the Palm Beaches, Inc. and 504100.

## **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 Connections Education Center of the Palm Beaches, Inc. 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 Connections Education Center of the Palm Beaches, Inc. 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 Connections Education Center of the Palm Beaches, Inc. It is management's responsibility to monitor the Connections Education Center of the Palm Beaches, Inc.'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. See our Independent Auditors' Reports 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* for recommendations to improve financial management reported therein.

## **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 Connections Education Center of the Palm Beaches, Inc. 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 Connections Education Center of the Palm Beaches, Inc. 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 fraud, waste, or abuse, that has 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 Board of Directors, applicable management and Palm Beach County School District and is not intended to be and should not be used by anyone other than these specified parties.



Boca Raton, FL  
September 27, 2024

September 27, 2024

Galleros Robinson, CPAs, LLP  
7805 NW Beacon Square Blvd., Suite 203  
Boca Raton, FL 33487

This representation letter is provided in connection with your audit of the financial statements of Connections Education Center of the Palm Beaches, Inc. ("Center"), which comprise the respective net financial position of the governmental activities and each major fund as of June 30, 2024 and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 27, 2024, the following representations made to you during your audit:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 1, 2023, including our responsibility for the preparation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

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3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. We have recorded all proposed journal entries.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been appropriately disclosed in accordance with US GAAP.
11. Guarantees, whether written or oral, under which we are contingently liable, if any, have been properly recorded or disclosed.

### **Information Provided**

12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

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- b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of entity or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. In August 2022 we had a mediation with our previous landlord and settled on \$51,500 for CAM charges as full and final settlement.
19. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.

20. We participate in a cost sharing agreement with Connections High School & Vocational Center, Inc. where certain shared employee wages and benefits and rent are allocated between the schools. We recorded a receivable due from Connections High School & Vocational Center, Inc., a related party, for \$518,348 at June 30, 2024. We believe this amount is fully collectible and it can be repaid in full by June 30, 2024 if needed by a donor.

### **Government – specific**

21. We have made available to you all financial records and related data.
22. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
24. The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

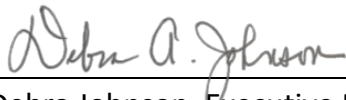
28. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
29. The Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
30. The Center has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
33. The financial statements properly classify all funds and activities.
34. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
35. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
36. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
41. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
42. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
43. We have appropriately disclosed the Center's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
44. The Center is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Center's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
45. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
46. We contributed \$50,000 during the year end June 30, 2021 to start an endowment. We did not record the earnings in 2021 – 2024 as they were immaterial to the financial statements. This contribution plus earnings received thereon are considered restricted in nature and have been recorded as such in the financial statements.
47. We received donations totaling \$131,500 that were noted as restricted for the playground project. During the year, we spent \$51,833 as a deposit on the playground project which leaves \$79,667 as restricted net assets for the playground project at June 30, 2024.
48. We have a lease covenant with our landlord that requires us to set up a separate bank account to have a balance of \$30,000 at June 30, 2024. We have not set up a separate bank account but have been in talks with the landlord and he has given us an exception. In addition, we are in compliance with all of our financial covenants in the lease.

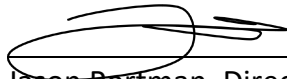
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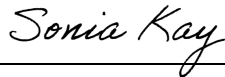
49. On August 9, 2024, we were served with a lawsuit by ESPA Management, Inc. a Florida corporation d/b/a Florida Playgrounds, in connection with the installation of the playground equipment. On September 18, 2024, we filed a counterclaim against Florida Playgrounds for breach of contract. We will vigorously defend ourselves in this suit and do not believe we have any financial exposure.
50. With respect to Management’s Discussion & Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds and Special Revenue Funds:
- a. We acknowledge our responsibility for presenting Management’s Discussion & Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Special Revenue Fund in accordance with accounting principles generally accepted in the United States of America, and we believe Management’s Discussion & Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Special Revenue Fund, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Special Revenue Fund have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.



Debra Johnson, Executive Director & Principal



Jason Portman, Director of Operations



Sonia F. Kay, President & Board Chair

