

Clay Charter Academy
A Department of Florida Charter
Educational Foundation, Inc.
(A Component Unit of the School
Board of Clay County, Florida)

Basic Financial Statements
For the Year Ended June 30, 2016

Clay Charter Academy

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clay Charter Academy
A Department of Florida Charter Educational Foundation, Inc.
Middleburg, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Clay County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2016, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Florida Charter Educational Foundation, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida Charter Educational Foundation, Inc. as of June 30, 2016 and the changes in financial position or budgetary comparisons, where applicable, for the year ended June 30, 2016 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 6, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Clay County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2016. Since this is the first year of operations, prior year comparative information is not available. Comparative information will be provided in future years.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of the initial year's operations.

- As of June 30, 2016, the School's governmental fund balances totaled \$ 184,618.
- As of June 30, 2016, the School has net position (deficit) of \$ (1,209,761), of which \$ (551,292) represents net investment in capital assets (deficit) and \$ (658,469) is unrestricted (deficit).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, 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 School is improving or deteriorating.

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

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 7 and 8 of this report.

Fund Basic Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances. The General Fund, Special Revenue Fund and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 14 of this report.

Agency Fund: In addition, the School has one agency fund which is a student activity fund. This fund was formed for educational and school purposes.

The agency fund financial statement can be found on page 15 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net assets.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 24 of this report.

Government-Wide Financial Analysis

This is the School's initial year of operations; therefore, comparative government-wide data cannot be presented. The School's net position (deficit) was \$ (1,209,761) at June 30, 2016. Of this amount, \$ (551,292) represents net investment in capital assets (deficit) and \$ (658,469) represents unrestricted net position (deficit).

**Clay Charter Academy
Management's Discussion and Analysis
June 30, 2016**

Our analysis in the table below focuses on the net position of the School's governmental activities:

Clay Charter Academy Net Position June 30, 2016	
ASSETS:	
Current and other assets	\$ 1,004,788
Capital assets, net of depreciation	<u>13,070,420</u>
Total assets	<u>14,075,208</u>
LIABILITIES:	
Current liabilities	1,205,848
Noncurrent liabilities	<u>14,079,121</u>
Total liabilities	<u>15,284,969</u>
NET POSITION:	
Net investment in capital assets	(551,292)
Unrestricted	<u>(658,469)</u>
Total net position	<u>\$ (1,209,761)</u>

Governmental Activities: The results of the initial year's operations for the School as a whole are reported in the statement of activities on page 8. The following table provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2016:

Clay Charter Academy Change in Net Position June 30, 2016	
REVENUES:	
General revenues	\$ 2,907,442
Program revenues	<u>589,641</u>
Total revenues	<u>3,497,083</u>
FUNCTIONS/PROGRAM EXPENSES:	
Instruction	1,764,502
Instructional support services	1,950,898
Non-instructional services	<u>991,444</u>
Total governmental activities	<u>4,706,844</u>
Change in net position	<u>\$ (1,209,761)</u>

Governmental Fund Expenditures: In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2016	
	Expenditures	Percent
Governmental expenditures:		
Instructional expenditures	\$ 1,533,502	8.3%
Plant operations and maintenance	800,522	4.3%
Administrative services	389,582	2.1%
Debt service	1,454,098	7.9%
All other functions/programs	14,267,065	77.4%
Total governmental expenditures	\$ 18,444,769	100.0%

Capital Assets

At June 30, 2016, the School had capital assets of \$ 13,070,420, net of accumulated depreciation, invested in building, computer equipment, furniture and equipment and improvements other than buildings. A detailed schedule is on page 21 in the notes to the basic financial statements.

General Fund Budgetary Highlights

Revenues were unfavorable to the budget mainly due to a shortfall in enrollment. Expenditures were favorable to the budget mainly due to savings in instructional salaries and materials. Overall, the School ended the year with a change in fund balance which was favorable to the budget by approximately \$ 155,300.

Economic Factors and Next Year's Budget

The State of Florida has increased its Florida Education Finance Program funding for the next year by approximately 1%. This brings the per student funding to \$ 7,178.49. In addition, the Charter School Capital Outlay pool, which includes all charter schools, was increased to \$ 75,000,000.

Expenditures are budgeted in proportion to enrollment as well as strategic objectives at the School.

Requests for Information

If you have any questions about this report or need additional information, please write Hillary Daigle, Vice President of Finance, Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC FINANCIAL STATEMENTS

Clay Charter Academy
Statement of Net Position (Deficit)
June 30, 2016

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 669,057
Due from other governments	161,746
Due from related party	349
Other receivable	1,090
Prepaid items	120,671
Deposits	<u>51,875</u>
Total current assets	1,004,788
Noncurrent Assets:	
Capital assets (depreciable), net of accumulated depreciation	<u>13,070,420</u>
Total assets	<u>14,075,208</u>
Current Liabilities:	
Accounts payable	397,616
Salaries and wages payable	129,208
Due to management company	293,346
Compensated absences	4,453
Accrued interest payable	137,150
Capital leases	<u>244,075</u>
Total current liabilities	<u>1,205,848</u>
Noncurrent Liabilities:	
Compensated absences	1,484
Note payable	700,000
Capital leases	<u>13,377,637</u>
Total noncurrent liabilities	<u>14,079,121</u>
Total liabilities	<u>15,284,969</u>
Commitments (Note 10)	-
Net Position (Deficit):	
Net investment in capital assets (deficit)	(551,292)
Unrestricted (deficit)	<u>(658,469)</u>
Total net position (deficit)	<u>\$ (1,209,761)</u>

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

**Clay Charter Academy
Statement of Activities
For the Year Ended June 30, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 1,764,502	\$ -	\$ 257,824	\$ -	\$ (1,506,678)
Pupil personnel services	96,723	-	-	-	(96,723)
Instructional and curriculum development services	2,424	-	-	-	(2,424)
Instructional staff training services	3,049	-	1,895	-	(1,154)
Instruction related technology	66,227	-	-	-	(66,227)
School Board	1,141	-	-	-	(1,141)
School administration	389,582	-	20,753	-	(368,829)
Fiscal services	7,296	-	-	-	(7,296)
Food services	149,893	57,842	95,429	-	3,378
Central services	5,601	-	-	-	(5,601)
Operation of plant	1,270,119	-	19,601	-	(1,250,518)
Maintenance of plant	122,774	-	-	-	(122,774)
Community services	46,857	69,491	5,460	-	28,094
Interest on long-term debt	780,656	-	-	61,346	(719,310)
	<u>780,656</u>	<u>-</u>	<u>-</u>	<u>61,346</u>	<u>(719,310)</u>
Total governmental activities	\$ <u>4,706,844</u>	\$ <u>127,333</u>	\$ <u>400,962</u>	\$ <u>61,346</u>	<u>(4,117,203)</u>
General revenues:					
Grants and entitlements					2,755,052
Contributions					151,387
Miscellaneous					<u>1,003</u>
Total general revenues					<u>2,907,442</u>
Change in net position					(1,209,761)
Net position, July 1, 2015, inception					<u>-</u>
Net position (deficit), June 30, 2016					\$ <u>(1,209,761)</u>

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

**Clay Charter Academy
Balance Sheet - Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 669,057	\$ -	\$ -	\$ 669,057
Due from other governments	151,043	1,303	9,400	161,746
Due from other funds	10,703	-	-	10,703
Due from related party	349	-	-	349
Other receivable	1,090	-	-	1,090
Prepaid items	120,671	-	-	120,671
Deposits	51,875	-	-	51,875
	<u>1,004,788</u>	<u>1,303</u>	<u>9,400</u>	<u>1,015,491</u>
Total assets	\$ <u>1,004,788</u>	\$ <u>1,303</u>	\$ <u>9,400</u>	\$ <u>1,015,491</u>
Liabilities:				
Accounts payable	\$ 397,616	\$ -	\$ -	\$ 397,616
Salaries and wages payable	129,208	-	-	129,208
Due to management company	293,346	-	-	293,346
Due to other funds	-	1,303	9,400	10,703
	<u>820,170</u>	<u>1,303</u>	<u>9,400</u>	<u>830,873</u>
Total liabilities	<u>820,170</u>	<u>1,303</u>	<u>9,400</u>	<u>830,873</u>
Commitments (Note 10)				
	-	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid items	120,671	-	-	120,671
Deposits	51,875	-	-	51,875
Unassigned	12,072	-	-	12,072
	<u>184,618</u>	<u>-</u>	<u>-</u>	<u>184,618</u>
Total fund balances	<u>184,618</u>	<u>-</u>	<u>-</u>	<u>184,618</u>
Total liabilities and fund balances	\$ <u>1,004,788</u>	\$ <u>1,303</u>	\$ <u>9,400</u>	\$ <u>1,015,491</u>

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

**Clay Charter Academy
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position (Deficit)
 June 30, 2016**

Total Fund Balances - Governmental Funds, Page 9 \$ 184,618

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets	\$	13,887,854	
Accumulated depreciation		<u>(817,434)</u>	13,070,420

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statement. All liabilities both current and long-term, are reported in the government-wide statements.

Compensated absences		(5,937)	
Accrued interest		(137,150)	
Note payable		(700,000)	
Capital leases		<u>(13,621,712)</u>	

Net Position (Deficit) of Governmental Activities, Page 7 \$ (1,209,761)

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

**Clay Charter Academy
Statement of Revenues, Expenditures and
Change in Fund Balances - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
Federal through state	\$ -	\$ 374,529	\$ -	\$ 374,529
State sources	2,760,524	1,360	61,346	2,823,230
Local sources	229,833	-	-	229,833
Aftercare	69,491	-	-	69,491
	<u>3,059,848</u>	<u>375,889</u>	<u>61,346</u>	<u>3,497,083</u>
Expenditures:				
Instruction	1,483,541	49,961	-	1,533,502
Pupil personnel services	96,723	-	-	96,723
Instructional and curriculum development services	2,424	-	-	2,424
Instructional staff training services	1,154	1,895	-	3,049
Instruction related technology	66,227	-	-	66,227
School Board	1,141	-	-	1,141
School administration	368,829	20,753	-	389,582
Fiscal services	7,296	-	-	7,296
Food services	54,464	95,429	-	149,893
Central services	5,601	-	-	5,601
Operation of plant	677,748	-	-	677,748
Maintenance of plant	122,774	-	-	122,774
Community services	41,397	5,460	-	46,857
Facilities acquisition and construction	13,685,463	202,391	-	13,887,854
Debt service:				
Principal	810,592	-	-	810,592
Interest	582,160	-	61,346	643,506
	<u>18,007,534</u>	<u>375,889</u>	<u>61,346</u>	<u>18,444,769</u>
Change in fund balances before other financing sources	(14,947,686)	-	-	(14,947,686)
Other Financing Sources:				
Proceeds from note payable	1,450,000	-	-	1,450,000
Proceeds from capital leases	13,682,304	-	-	13,682,304
	<u>184,618</u>	<u>-</u>	<u>-</u>	<u>184,618</u>
Net change in fund balances	184,618	-	-	184,618
Fund Balances, July 1, 2015, inception	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2016	<u>\$ 184,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,618</u>

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

**Clay Charter Academy
Reconciliation of the Statement of Revenues,
Expenditures and Change in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

Change in Fund Balances - Governmental Funds, Page 11 \$ 184,618

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets is depreciated over their estimated useful lives as provision for depreciation.

Cost of capital assets	\$	13,887,854	
Provision for depreciation		<u>(817,434)</u>	13,070,420

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position (deficit).

Proceeds from note payable	\$	(1,450,000)	
Proceeds from capital lease		<u>(13,682,304)</u>	(15,132,304)

Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Repayment of capital lease obligations		810,592	
Accrued interest		(137,150)	
Compensated absences		(5,937)	<u>667,505</u>

Change in Net Position of Governmental Activities, Page 8 \$ (1,209,761)

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

**Clay Charter Academy
Statement of Revenues and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
State sources	\$ 4,477,790	\$ 2,902,417	\$ (1,575,373)
Local sources	138,064	229,833	91,769
Aftercare	95,184	69,491	(25,693)
	<u>4,711,038</u>	<u>3,201,741</u>	<u>(1,509,297)</u>
Total revenues			
Expenditures:			
Instruction	2,181,661	1,483,541	698,120
Pupil personnel services	147,684	96,723	50,961
Instructional and curriculum development services	10,750	2,424	8,326
Instructional staff training services	10,000	1,154	8,846
Instruction related technology	-	66,227	(66,227)
School Board	5,000	1,141	3,859
School administration	469,746	368,829	100,917
Fiscal services	100,099	7,296	92,803
Food services	132,944	54,464	78,480
Central services	308,217	147,494	160,723
Pupil transportation services	54,150	-	54,150
Operation of plant	758,435	677,748	80,687
Maintenance of plant	128,530	122,774	5,756
Community services	117,082	41,397	75,685
Facilities acquisition and construction	14,113,193	13,685,463	427,730
Debt service:			
Principal	992,046	810,592	181,454
Interest	-	582,160	(582,160)
	<u>19,529,537</u>	<u>18,149,427</u>	<u>1,380,110</u>
Total expenditures			
Change in fund balance before other financing sources	(14,818,499)	(14,947,686)	(129,187)
Other Financing Sources:			
Proceeds from note payable	-	1,450,000	1,450,000
Proceeds from capital leases	14,847,816	13,682,304	(1,165,512)
	<u>14,847,816</u>	<u>13,682,304</u>	<u>(1,165,512)</u>
Net change in fund balance	\$ <u>29,317</u>	\$ <u>184,618</u>	\$ <u>155,301</u>

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

Clay Charter Academy
Statement of Revenues and Expenditures
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal sources:			
National School Lunch Program	\$ 100,000	\$ 99,529	\$ (471)
Charter School Program	24,107	275,000	250,893
State sources:			
National School Lunch Program	-	1,360	1,360
Total revenues	<u>124,107</u>	<u>375,889</u>	<u>251,782</u>
Expenditures:			
Instruction	24,107	49,961	(25,854)
Instructional staff training services	-	1,895	(1,895)
School administration	-	20,753	(20,753)
Food services	100,000	95,429	4,571
Community services	-	5,460	(5,460)
Facilities acquisition and construction	-	202,391	(202,391)
Total expenditures	<u>124,107</u>	<u>375,889</u>	<u>(251,782)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Clay Charter Academy
Statement of Assets and Liabilities - Agency Fund
June 30, 2016

	<u>Student Activities</u>
Assets:	
Cash and cash equivalents	\$ <u>15,038</u>
Total assets	\$ <u><u>15,038</u></u>
Liabilities:	
Due to students	\$ <u>15,038</u>
Total liabilities	\$ <u><u>15,038</u></u>

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

Note 1 - Organization and Operations

Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Clay County, Florida, was established in 2015 as a public charter school to serve students from kindergarten to eighth grade in Clay County. In its initial year of operations, the School served students in kindergarten through sixth grade. The Florida Charter Educational Foundation, Inc. ("FCEF") is a Florida nonprofit corporation organized pursuant to Chapter 617, Florida Statutes. The governing body of the School consists of the officers and directors of FCEF. There were 428 students enrolled for the 2015/2016 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Florida Charter Educational Foundation, Inc. as of June 30, 2016, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school board, the School Board of Clay County. The current charter is effective until June 30, 2021, and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case, the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Clay County.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

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

Government-wide basic financial statements: The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2016 the School had program revenues of \$ 589,641.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Fund financial statements: The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The School reports the following major governmental funds:

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

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

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

Measurement focus and basis of accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

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

The governmental funds basic financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year-end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subject to withdrawal restrictions to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a pro rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is a Department of a nonprofit corporation. Revenue of the School is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Capital assets: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with a cost of \$ 750 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Building	20 years
Improvements other than buildings	10 years
Furniture and equipment	5 years
Computer equipment	3-5 years

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

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

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 9.

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

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements, except for the reporting of a 5% administration fee retained by the School Board.

A reconciliation of the General Fund presented on a budgetary basis to the amount presented in accordance with generally accepted accounting principles (GAAP) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis, page 13	\$ 3,201,741	\$ 18,149,427
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(141,893)</u>	<u>(141,893)</u>
GAAP basis, page 11	<u>\$ 3,059,848</u>	<u>\$ 18,007,534</u>

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

Date of management review: Subsequent events were evaluated by management through September 6, 2016, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2016, the carrying amount of the deposits and cash on hand totaled \$ 684,095 with a bank balance of \$ 686,935.

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as “qualified public depositories” as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2016.

Note 4 - Due From Other Governments

Due from other governments at June 30, 2016 consists of amounts due from the Clay County School Board for FTE funding, Florida Department of Agriculture for the National School Lunch Program and the Florida Department of Education for capital outlay funding.

Note 5 - Due From Related Party

The School is a Department of The Florida Charter Educational Foundation, Inc. ("FCEF"). As of June 30, 2016, FCEF owes the School \$ 349 for various prepaid expenses.

Note 6 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2016 are as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, depreciable:				
Buildings	-	\$ 12,921,809	\$ -	\$ 12,921,809
Improvements other than buildings	\$ -	2,075	-	2,075
Furniture and equipment	-	508,251	-	508,251
Computer equipment	-	455,719	-	455,719
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets, depreciable	-	13,887,854	-	13,887,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated depreciation:				
Buildings	-	592,250	-	592,250
Improvements other than buildings	-	121	-	121
Furniture and equipment	-	93,015	-	93,015
Computer equipment	-	132,048	-	132,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total accumulated depreciation	-	817,434	-	817,434
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net capital assets	\$ -	\$ 13,070,420	\$ -	\$ 13,070,420
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 225,063
Operation of plant	<u>592,371</u>
Total	<u>\$ 817,434</u>

Note 7 - Note Payable

The School has a note payable of \$ 700,000 with Keys Gate Charter School, which is also a Department of Florida Charter Educational Foundation, Inc. The loan is to be repaid over a period not to exceed five years. The School will pay interest at 5% during the term of the loan.

Note 8 - Capital Leases

During the year, the School entered into a capital lease arrangement with Red Apple at Clay, LLC for use of its facility. The lease requires monthly interest payments through August 2017 at which time principal and interest payments are due through July 2035. As of June 30, 2016, the net book value of the leased facility is approximately \$ 12,329,600. Amortization of the leased facilities is included with depreciation expense.

Future minimum payments at June 30, 2016 before expected increases in the base lease payment (Note 9) are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 895,267	\$ 895,267
2018	246,995	882,638	1,129,633
2019	397,134	858,153	1,255,287
2020	429,905	829,591	1,259,496
2021	460,533	798,970	1,259,503
2022-2026	2,844,012	3,453,507	6,297,519
2027-2031	4,011,816	2,285,704	6,297,520
2032-2036	<u>4,470,821</u>	<u>672,153</u>	<u>5,142,974</u>
	<u>\$ 12,861,216</u>	<u>\$ 10,675,983</u>	<u>\$ 23,537,199</u>

During the year, the School entered into a capital lease for school furniture and equipment and computer equipment. The lease requires monthly payments of \$ 22,449. Principal and interest payments are due through June 2019. As of June 30, 2016, the net book value of the leased furniture, equipment and computer equipment is approximately \$ 579,200. Amortization of the leased furniture, equipment and computer equipment is included with depreciation expense.

The following is a schedule of the future minimum lease payments as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 244,075	\$ 25,319	\$ 269,394
2018	253,318	16,075	269,393
2019	<u>263,102</u>	<u>6,291</u>	<u>269,393</u>
	<u>\$ 760,495</u>	<u>\$ 47,685</u>	<u>\$ 808,180</u>

Note 9 - Long-Term Liabilities

Changes in the School’s long-term liabilities for fiscal year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Amount Due Within One Year
Capital lease, building	\$ -	\$ 12,921,809	\$ 60,592	\$ 12,861,217	\$ -
Capital lease, equipment	-	760,495	-	760,495	244,075
Note payable	-	1,450,000	750,000	700,000	-
Compensated absences	-	5,937	-	5,937	4,453
	<u>\$ -</u>	<u>\$ 15,138,241</u>	<u>\$ 810,592</u>	<u>\$ 14,327,649</u>	<u>\$ 248,528</u>

Note 10 - Commitments

Lease agreement: During the year, the School entered into a capital lease arrangement for use of its premises through July 2035. During the fiscal year ending June 30, 2016, lease payments totaled \$ 666,508. The lease payments will increase beginning August 1, 2016 to \$ 993,300. On August 1, 2017 the lease payments increase to \$ 1,208,900 plus the increase in the Florida Department of Education’s funding per full time equivalent student. The lease payment shall never decrease from the prior year’s lease payment and in no event shall the lease payment be less than \$ 1,100 per student enrolled at the School. The lease provides for an option to extend the lease for up to two (2) additional five (5) year periods.

Management agreement: The School has a formal agreement with Charter Schools USA, Inc. (“CSUSA”) to manage, staff, and operate the School. The initial term of the agreement is consistent with the term of the Charter and can be extended if the Charter is extended. For cost reimbursements and compensation for its services, CSUSA shall be entitled to an amount not to exceed 15% of revenues which shall be determined by the Governing Board and set forth in the Governing Board’s approved annual budget.

For the year ended June 30, 2016, there was no compensation received by CSUSA and CSUSA contributed \$ 151,387 to the School.

The School had an amount of \$ 293,346 due to CSUSA for the year ending June 30, 2016. Also, the School’s accounts payable amount to CSUSA is \$ 277,958 which is for invoiced services.

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees.

Note 11 - Employee Benefit Plan

During the year ended June 30, 2016, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 589 for the year ended June 30, 2016.

Note 12 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled \$ 61,346 for the 2015/2016 school year, which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of non-renewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the lease expense on the facility.

Note 13 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the past year.

As disclosed in Note 10, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

OTHER INDEPENDENT
AUDITOR'S REPORTS

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

To the Board of Directors
Clay Charter Academy
A Department of Florida Charter Educational Foundation, Inc.
Middleburg, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay Charter Academy (the "School"), a Department of Florida Charter Educational Foundation, Inc. and a component unit of the School Board of Clay County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 6, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 6, 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Clay Charter Academy
A Department of Florida Charter Educational Foundation, Inc.
Middleburg, Florida

Report on the Financial Statements

We have audited the financial statements of Clay Charter Academy (the "School"), a component unit of the School Board of Clay County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 6, 2016.

Auditor's Responsibility

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

Other Report

We have issued our 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*. Disclosures in that report, which is dated September 6, 2016, 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. Since this is the initial year of operations, there were no recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Clay Charter Academy.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that we report the results of our determination as to whether or not the School 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 our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Transparency

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

Other Matters

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we 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 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 6, 2016