

# **GOODWILL L.I.F.E. ACADEMY**

A Charter School and Component Unit of the  
District School Board of Lee County

INDEPENDENT AUDITOR'S REPORT

*for the fiscal year ended JUNE 30, 2013*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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# GOODWILL L.I.F.E. ACADEMY

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**Independent Auditor's Report on Basic Financial Statements and  
Required Supplementary Information**

To the Board of Directors  
Goodwill L.I.F.E. Academy  
a charter school and component unit of the  
District School Board of Lee County, 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 Goodwill L.I.F.E. Academy (“School”), a charter school and component unit of the District School Board of Lee County, Florida, as of and for the year ended June 30, 2013, 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 *Governmental 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 School’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 School’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 opinion.

### ***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 Goodwill L.I.F.E. Academy, as of June 30, 2013, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule on pages 3-7 and 23 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 historic 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 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 3, 2013 on our consideration of Goodwill L.I.F.E. Academy'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 Goodwill L.I.F.E. Academy's internal control over financial reporting and compliance.

Respectfully submitted,



September 3, 2013  
Tampa, Florida

# **GOODWILL L.I.F.E. ACADEMY**

*A charter school and component unit of the District School Board of Lee County, Florida*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Goodwill L.I.F.E. Academy ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2013.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 22.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2013, the School's expenses exceeded revenues as shown on the School's statement of activities by \$17,224.
- As shown on the Statement of Net Position, the School reported an unrestricted balance of \$17,355.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

### **Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

## **Fund Financial Statements**

Fund financial statements are one of the components of the 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School reports activity in the General Fund, which is reported as a major fund.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

## **Notes to 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of the fiscal years ended June 30, 2012, and June 30, 2013:

	Net Position, End of Year		
	Governmental Activities		
	6-30-12	6-30-13	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 65,389	\$ 76,986	\$ 11,597
Capital Assets, Net	590	-	(590)
Total Assets	65,979	76,986	11,007
<b>LIABILITIES</b>			
Current Liabilities	31,400	59,631	28,231
Total Liabilities	31,400	59,631	28,231
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	590	-	(590)
Unrestricted	33,989	17,355	(16,634)
Total Net Position	\$ 34,579	\$ 17,355	\$ (17,224)

Current assets consist of cash, due from other agency, and prepaid expenses. Current liabilities consist of salaries and wages payable and vendor accounts payable.



The key elements of the changes in the School's net position for the fiscal years ended June 30, 2012, and June 30, 2013, is as follows:

	<b>Operating Results for the Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-12</u>	<u>6-30-13</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
State and Local Sources	\$ 529,031	\$ 468,754	\$ (60,277)
Grants, Contributions and Other	<u>147,355</u>	<u>241,812</u>	<u>94,457</u>
Total Revenues	<u>676,386</u>	<u>710,566</u>	<u>34,180</u>
<b>Expenses:</b>			
Instruction	270,291	296,332	26,041
Instructional Staff Training	-	400	400
Board of Education	51,018	51,664	646
School Administration	107,983	146,129	38,146
Facilities Acq. & Construction	84,075	83,272	(803)
Food Services	7,893	5,871	(2,022)
Pupil Transportation	86,521	121,649	35,128
Operation of Plant	16,702	21,578	4,876
Maintenance of Plant	-	305	305
Unallocated Depreciation	120	-	(120)
Loss on Disposal of Capital Assets	<u>-</u>	<u>590</u>	<u>590</u>
Total Expenses	<u>624,603</u>	<u>727,790</u>	<u>103,187</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 51,783</u>	<u>\$ (17,224)</u>	<u>\$ (69,007)</u>

The largest revenue source for the School is the State of Florida (73%). Revenues from State sources for current operations are received through the Florida Education Finance Program (FEFP) funding formula. In addition, the School received donated funding from its charterholder, Goodwill Industries of Southwest Florida, Inc., totaling \$212,335 (30%).

The largest concentrations of expenses were for Instruction (42%), School Administration (20%), and Pupil Transportation costs (16%) during the year.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

### **Governmental Funds**

As the School completed the year, its governmental funds reported a total fund balance of \$17,355.

### **BUDGETARY HIGHLIGHTS**

The general fund budget for the fiscal year ended June 30, 2013, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Total budgeted expenditures exceeded total actual expenditures by \$20,993 as shown on the Budgetary Comparison Schedule – General Fund, page 24.

### **CAPITAL ASSETS**

The School currently has no amounts invested in capital assets for its governmental activities as of June 30, 2013. The School moved to a new educational facility; therefore, the net leasehold improvements that they did have amounting to \$590, (net of accumulated depreciation) are no longer owned by the School. This amount is reported as a loss on disposal of capital assets for the current period. The new educational facility lease will be more cost effective for the School's operations. Additional information regarding the School's capital assets can be found in note 3 to the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Goodwill L.I.F.E. Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Goodwill L.I.F.E. Academy, 5100 Tice Street, Suite D, Fort Myers, FL 33905.

**GOODWILL L.I.F.E. ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2013*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 11,530
Due From Other Agency	65,000
Prepaid Expenses	<u>456</u>
<b>TOTAL ASSETS</b>	<u><u>76,986</u></u>
<b>LIABILITIES</b>	
Accounts Payable	40,168
Salaries & Wages Payable	<u>19,463</u>
<b>TOTAL LIABILITIES</b>	<u><u>59,631</u></u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	-
Unrestricted	<u>17,355</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 17,355</u></u>

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

**GOODWILL L.I.F.E. ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2013*

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>						
Instruction	\$ 296,332	\$ -	\$ -	\$ -	\$ (296,332)	\$ (296,332)
Instructional Staff Training	400				(400)	(400)
Board of Education	51,664				(51,664)	(51,664)
School Administration	146,129				(146,129)	(146,129)
Facilities Acquisition & Construction	83,272			13,354	(69,918)	(69,918)
Food Services	5,871	1,491			(4,380)	(4,380)
Pupil Transportation	121,649		13,490		(108,159)	(108,159)
Operation of Plant	21,578				(21,578)	(21,578)
Maintenance of Plant	305				(305)	(305)
Loss on Disposal of Capital Assets	590				(590)	(590)
<b>Total Governmental Activities</b>	<b>\$ 727,790</b>	<b>\$ 1,491</b>	<b>\$ 13,490</b>	<b>\$ 13,354</b>	<b>(699,455)</b>	<b>(699,455)</b>
 <b>General Revenues:</b>						
State and Local Sources					440,419	440,419
Contributions and Other Sources					241,812	241,812
					682,231	682,231
Change in Net Position					(17,224)	(17,224)
Net Position - July 1, 2012					34,579	34,579
Net Position - June 30, 2013					<b>\$ 17,355</b>	<b>\$ 17,355</b>

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

**GOODWILL L.I.F.E. ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

***BALANCE SHEET - GOVERNMENTAL FUNDS***  
***June 30, 2013***

	General Fund
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 11,530
Due From Other Agency	65,000
Prepaid Expenses	456
Total Assets	\$ 76,986
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts Payable	\$ 40,168
Salaries and Wages Payable	19,463
Total Liabilities	59,631
Fund Balance:	
Nonspendable	456
Spendable Unassigned	16,899
Total Fund Balance	17,355
Total Liabilities and Fund Balance	\$ 76,986

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

**GOODWILL L.I.F.E. ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

*June 30, 2013*

**Total Fund Balances - Governmental Funds** \$ 17,355

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

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**Total Net Position - Governmental Activities** \$ 17,355

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

**GOODWILL L.I.F.E. ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2013*

	General Fund
<b>Revenues</b>	
Intergovernmental:	
State and Local	\$ 468,754
Contributions and Other	241,812
Total Revenues	710,566
<b>Expenditures</b>	
Current - Education:	
Instruction	\$ 296,332
Instructional Staff Training	400
Board of Education	51,664
School Administration	146,129
Facilities Acquisition & Construction	83,272
Food Services	5,871
Pupil Transportation	121,649
Operation of Plant	21,578
Maintenance of Plant	305
Total Expenditures	727,200
Net Change in Fund Balance	(16,634)
Fund Balance, July 1, 2012	33,989
Fund Balance, June 30, 2013	\$ 17,355

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

**GOODWILL L.I.F.E. ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

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

*For the Fiscal Year Ended June 30, 2013*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$ (16,634)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or the disposal of capital assets. This is the net affect of the disposal of capital assets in the current period.

(590)

<b>Change in Net Position - Governmental Activities</b>	<u>\$ (17,224)</u>
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The accompanying notes to the financial statements are an integral part of this statement.



**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

Goodwill L.I.F.E. Academy (“School”) is a component unit of the District School Board of Lee County, Florida. The School is sponsored by its charter-holder Goodwill Industries of Southwest Florida, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lee County, Florida, (“District”). The current charter was approved and is effective until June 30, 2027, and is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School'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 provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

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

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

associated with a service, program, or department and are thereby clearly identifiable to a particular function.

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

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

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

➤ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. 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 recognized when the related fund liability is incurred, except for principal and interest on long-term

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits with financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 years
Leasehold Improvements	10 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Recently Issued Accounting Principles**

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011.

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

➤ **Fund Balance Classification**

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Budgets and Budgetary Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

➤ **Revenue Sources**

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

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made. The District receives a 5% administrative fee from the School, which is reflected in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2013, the School reported 38.5 unweighted FTE and 50.438 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

**2. DUE FROM OTHER AGENCY**

The amount Due from Other Agency included in the accompanying statement of net position and balance sheet – governmental funds consists of an amount due from the Goodwill Industries of Southwest Florida, Inc. the School’s charter holder for contributions toward funding the School’s current operations. This receivable is considered to be fully collectible and as such, no allowance for uncollectible accounts has been established.

**3. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Capital Assets Being Depreciated:				
Leasehold Improvements	\$ 1,200	\$ -	\$ 1,200	\$ -
Total Capital Assets Being Depreciated	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(610)	-	(610)	-
Total Accumulated Depreciation	<u>(610)</u>	<u>-</u>	<u>(610)</u>	<u>-</u>
Governmental Activities Capital Assets, Net	<u>\$ 590</u>	<u>\$ -</u>	<u>\$ 590</u>	<u>\$ -</u>

There was no Unallocated depreciation expense for the fiscal year.

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

**4. SCHEDULE OF STATE & LOCAL REVENUE SOURCES**

The following is a schedule of the School's State and local revenue:

Source	Amount
<i><u>STATE:</u></i>	
Florida Education Finance Program	\$ 184,823
Categorical Educational Programs:	
Class Size Reduction	46,528
Transportation	13,490
Supplementary Academic Instruction	8,075
Instructional Materials	3,021
ESE Guaranteed Allocation	169,228
Charter School Capital Outlay	13,354
Miscellaneous	6,048
Total State Revenue	\$ 444,567
 <i><u>LOCAL:</u></i>	
Discretionary Millage	\$ 22,696
Student Lunches	1,491
Total Local Revenue	24,187
Total State and Local Revenue	\$ 468,754

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of total funding or \$22,393.

Accounting policies relating to certain State revenue sources are described in Note 1.

**5. RETIREMENT PROGRAM**

**Defined Benefit Plan**

All regular School employees are covered by the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of the FRS. Benefits in the Plan vest at six years of service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability and death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP) subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

Plan to defer receipt of monthly benefit payments while continuing employment with a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust and accrue interest.

**Funding Policy**

The contribution rates for members are established, and may be amended, by the State of Florida. During the 2013 fiscal year, contribution rates were as follows:

Class or Plan	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3%	5.18%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates include 1.11% for the post-employment health insurance supplement and 0.05% for administrative costs of the Public Employee optional Retirement Program.

(B) Contributions rates are dependent upon the retirement class in which reemployed.

The School's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School. The School's contributions for the fiscal years ending June 30, 2012, and June 30, 2013, totaled \$11,503 and \$18,905, respectively, which were equal to the required contributions for each fiscal year.

**Defined Contribution Plan**

Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all FRS members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PERORP is funded by employer contributions that are based on salary and membership class (i.e.: regular, reemployed retiree, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The School had no PEORP participants during fiscal 2013.

**Pension Reporting**

The financial statements and other supplemental information of the FRS are included in the comprehensive annual financial report of the State of Florida, which may be obtained by contacting the Florida Department of Financial Services in Tallahassee, Florida. Also, an annual report on the FRS, which includes its financial statements, required supplemental information, actuarial report and other relevant information, may be obtained from the State of Florida, Division of Retirement in Tallahassee, Florida.



# **GOODWILL L.I.F.E. ACADEMY**

**A Charter School and Component Unit of the District School Board of Lee County**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2013**

### **6. RISK MANAGEMENT PROGRAMS**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### **7. FACILITY LEASE**

The School leases its educational facility under an annual operating lease with Goodwill Industries of Southwest Florida, Inc. The School entered into the lease beginning July 1, 2013. The current monthly lease is \$4,000 per month. Annually the monthly lease amount will be negotiated for the ensuing year.

### **8. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2013, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### **9. FUNDING AND CREDIT RISK CONCENTRATIONS**

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. In addition the School received contributions of \$212,335 from Goodwill Industries of Southwest Florida, Inc. the Schools charter holder to fund current year operations. Continuing operation of the School is greatly dependent upon the continued support of these agencies.

### **10. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

### **11. SUBSEQUENT EVENTS**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

**GOODWILL L.I.F.E. ACADEMY  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF LEE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)  
*For the Fiscal Year Ended June 30, 2013***

	General Fund		
	Original/ Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental:			
State and Local	\$ 508,702	\$ 468,754	\$ (39,948)
Contributions and Other	239,491	241,812	2,321
Total Revenues	<u>748,193</u>	<u>710,566</u>	<u>(37,627)</u>
<b>Expenditures:</b>			
Current - Education:			
Instruction	302,545	296,332	6,213
Instructional Staff Training	-	400	(400)
Board of Education	51,289	51,664	(375)
School Administration	151,116	146,129	4,987
Facilities Acquisition & Construction	84,275	83,272	1,003
Food Services	9,025	5,871	3,154
Pupil Transportation	129,718	121,649	8,069
Operation of Plant	20,225	21,578	(1,353)
Maintenance of Plant	-	305	(305)
Total Expenditures	<u>748,193</u>	<u>727,200</u>	<u>20,993</u>
Net Change in Fund Balance	-	(16,634)	(16,634)
Fund Balance, July 1, 2012	33,989	33,989	-
Fund Balance, June 30, 2013	<u>\$ 33,989</u>	<u>\$ 17,355</u>	<u>\$ (16,634)</u>

See Independent Auditor's Report.

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**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  
Goodwill L.I.F.E. Academy  
a charter school and component unit of the  
District School Board of Lee County, 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 Goodwill L.I.F.E. Academy ("School"), a charter school and component unit of the District School Board of Lee County, Florida, as of and for the year ended June 30, 2013, 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 3, 2013.

**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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 3, 2013  
Tampa, Florida



Members:  
Florida Institute of CPAs  
American Institute of CPAs  
Government Audit Quality Center

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

To the Board of Directors  
Goodwill L.I.F.E. Academy  
a charter school and component unit of the  
District School Board of Lee County, Florida,

We have audited the basic financial statements of the Goodwill L.I.F.E. Academy (“School”), a charter school and component unit of the District School Board of Lee County, Florida, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated September 3, 2013.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated September 3, 2013. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement 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 conditions 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(11), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

The Rules of the Auditor General (Section 10.854(1)(e)3.), 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.

The Rules of the Auditor General (Section 10.854(1)(e)4.), require that we address noncompliance with provision 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.

The Rules of the Auditor General (Section 10.854(1)(e)5.), require we disclose the name or official title of the school or center. The school's official name is Goodwill L.I.F.E. Academy.

This letter is intended for the information and use of the School and its management, the District School Board of Lee County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 3, 2013  
Tampa, Florida

**GOODWILL L.I.F.E. ACADEMY**  
**A Charter School and Component Unit of the District School Board of Lee County**

**MANAGEMENT'S RESPONSE TO AUDIT FINDINGS**

**Year Ended June 30, 2013**

The following is the School's response to the item in the Management Letter dated September 3, 2013, as required by Rule 10.857, Rules of the Auditor General:

No response required.