
RIVIERA BEACH MARITIME ACADEMY, CORP.

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013**

**MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT**

RIVIERA BEACH MARITIME ACADEMY, CORP.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund of Riviera Beach Maritime Academy, Corp. ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2013, which collectively comprise the Academy's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the Academy. My responsibility is to express an opinion on these financial statements based on my audit.

Management's responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To The Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida
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Opinion

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Academy as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 6, 2013 on my consideration of the Academy's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Other Matters

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Government Auditing Board. I have applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Mark Esoppey, P.A.

Palm Beach Gardens, Florida
September 6, 2013

RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Our discussion and analysis of Riviera Beach Maritime Academy, Corp.'s ("the Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2013.

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

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

NON FINANCIAL HIGHLIGHTS

The Academy's daily enrollment for fiscal year ended June 30, 2013 was 207 students. This was approximately 3 students less than budgeted. The Academy expects to have an enrollment of 220 students for the academic year 2013-2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

**RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

OVERVIEW TO FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$67,299 at June 30, 2013.

<u>NET ASSETS</u>	<u>JUNE 30, 2013</u>	<u>JUNE 30, 2012</u>
Current & Other Assets	\$ 115,921	\$ 78,774
Capital Assets	90,999	104,809
Total Assets	\$ 206,920	\$ 183,583
Long-Term Liabilities	-	\$ 47,461
Other Liabilities	139,621	77,510
Total Other Liabilities	\$ 139,621	\$ 124,971
Investment in Capital Assets	90,999	\$ 104,809
Unrestricted	(23,700)	(46,197)
Total Net Position	\$ 67,299	\$ 58,612

Revenues from governmental activities totaled \$1,287,597 for the year ended June 30, 2013. Revenue from Florida Education Finance Program (FEFP) represented approximately 91.8% of total governmental revenue.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/13</u>	<u>% of Total 6/30/13</u>	<u>6/30/12</u>	<u>% of Total 6/30/12</u>
State Sources	\$ 1,258,468	85.3	\$ 1,042,415	76.7
Local Sources	186,717	12.7	294,002	21.6
Federal Sources	29,129	2.0	22,519	1.7
Total	\$ 1,474,314	100.0	\$ 1,358,936	100.0

Local revenue sources are primarily donations received from Viking Yacht Company and this amounted to \$186,000.

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

<u>Expense</u>	<u>6/30/13</u>	<u>% of Total 6/30/13</u>	<u>6/30/12</u>	<u>% of Total 6/30/12</u>
Instruction	\$ 598,725	40.9	\$ 521,708	38.5
Pupil Personnel Services	39,760	2.7	35,880	2.6
Curriculum Development	4,595	.3	10,255	.8
Instructional Staff Training	5,540	.4	1,800	.1
Instructional Related				
Technology	79,584	5.4	79,342	5.8
Board	25,987	1.8	23,739	1.8
General Administration	58,978	4.0	47,180	3.5
School Administration	171,313	11.5	140,336	10.4
Facilities Acquisition	78,321	5.3	78,000	5.8
Fiscal Services	24,352	1.7	24,642	1.8
Central Services	45,711	3.2	46,140	3.4
Pupil Transportation	174,081	11.9	161,843	11.9
Operation of Plant	105,890	7.2	109,647	8.1
Maintenance of Plant	11,092	.8	13,982	1.0
Administrative Technology	4,036	.3	2,049	.2
Depreciation & Amortization	37,662	2.6	59,826	4.3
Total	\$ 1,465,627	100.0	\$ 1,356,369	100.0

BUDGETARY HIGHLIGHTS

State and Federal revenues were approximately the same as budgeted.

Actual expenses were greater than budget by \$8,394 primarily because there was \$33,000 less than budgeted in instruction costs, and debt service expenses in the amount of \$47,461 were not budgeted.

Total fund deficit of the General Fund was \$(23,700) at June 30, 2013.

RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

CAPITAL ASSETS

The Academy's investment in capital assets at June 30, 2013, was \$90,999 (net of depreciation and amortization). The investment includes building and leasehold improvements, furniture, fixtures and equipment, organizational costs and computer software. The following is a summary of capital assets balances at June 30, 2013:

Building and Leasehold Improvements	\$ 95,493
Furniture, Fixtures & Equipment	355,341
Organizational Costs	99,978
Computer Software	43,615
	<hr/> 594,427
Less Accumulated Depreciation and Amortization	503,428
Total Capital Assets	<hr/> <u>\$ 90,999</u>

DEBT ADMINISTRATION

During the year one of the Academy's sponsors, Viking Yacht Company, forgave \$47,461 in loans to the Academy.

PROSPECTS FOR THE FUTURE

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

- The Academy should meet its budgeted amount of 220 students for the 2013-2014 academic year.
- The Administration believes that the Academy will continue to progress and contribute to the educational needs of Palm Beach County.
- The Academy expects to regain their "A" rating from the Florida Department of Education for the 2013-2014 academic year.

REQUESTS FOR INFORMATION

The Management Discussion and Analysis provides a general overview of the finances of the Academy. Requests for additional information should be addressed to George Carter, President, at 259 W 11th Street, Riviera Beach, Fl 33404.

RIVIERA BEACH MARITIME ACADEMY, CORP.

**Governmental Fund (General Fund) Balance Sheet
June 30, 2013**

	<u>Governmental Funds</u>
ASSETS	
Cash	\$75,105
Grant Receivable	25,430
Prepayments	15,386
Total Assets	<u><u>\$115,921</u></u>
LIABILITIES	
Accounts Payable	\$110,102
Compensated absences payable	<u>29,519</u>
Total Liabilities	<u><u>139,621</u></u>
FUND BALANCE	
Nonspendable	15,366
Unassigned	<u>(39,066)</u>
	<u>(23,700)</u>
Total Liabilities and Fund Balance	<u><u>\$115,921</u></u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH STATEMENT OF NET POSITION
 STATEMENT OF NET POSITION
 June 30, 2013

ASSETS	Account Number	Governmental Activities	Business-type Activities	Total
Cash	1110	\$75,105		\$75,105
Investments	1160			
Taxes Receivable, net	1120			
Accounts Receivable, net	1130	25,430		25,430
Interest Receivable	1170			
Due from Reinsurer	1180			
Deposits Receivable	1210			
Due from Other Agencies	1220			
Internal Balances				
Inventory	1150			
Prepaid Expenses	1230	15,386		15,386
Restricted assets:				
Cash with Fiscal Agent	1114			
Capital assets:				
Land	1310			
Land Improvements - Non-depreciable	1315			
Improvements Other Than Buildings	1320			
Less Accumulated Depreciation	1329			
Buildings and Fixed Equipment	1330	95,493		95,493
Less Accumulated Depreciation	1339	(33,093)		(33,093)
Furniture, Fixtures and Equipment	1340	355,341		355,341
Less Accumulated Depreciation	1349	(333,871)		(333,871)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Construction in Progress	1360			
Property Under Capital Leases	1370			
Less Accumulated Depreciation	1379			
Audio Visual Materials	1381	1,389		1,389
Less Accumulated Depreciation	1388	(509)		(509)
Computer Software	1382	42,226		42,226
Less Accumulated Amortization	1389	(35,977)		(35,977)
Organizational Costs		99,977		99,977
Less Accumulated Amortization		(99,977)		(99,977)
Total assets	Total assets	\$206,920		\$206,920
LIABILITIES AND NET ASSETS				
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170	1,887		1,887
Accounts Payable	2120	104,270		104,270
Construction Contracts Payable	2140			
Due to Fiscal Agent	2240			
Accrued Interest on Sale of Bonds	2210			
Deposits Payable	2220			
Due to Other Agencies	2230	3,945		3,945
Sales Tax Payable	2260			
Estimated Unpaid Claims	2271			
Estimated Liability for Claims Adjustment	2272			
Estimated Liability for Arbitrage Rebate	2280			
Noncurrent liabilities:				
Portion due within one year:				
Section 237.151 Notes Payable	2250			
Notes Payable	2310			
Bonds Payable	2320			
Obligations Under Capital Leases	2315			
Liability for Compensated Absences	2330	29,519		29,519
Certificates of Participation Payable	2340			
Estimated Liability for Long-Term Claims	2350			
Estimated PECO Advance Payable	2370			
Deferred Revenue	2410			
Portion due after one year:				
Notes Payable	2310			
Bonds Payable	2320			
Obligations Under Capital Leases	2315			
Liability for Compensated Absences	2330			
Certificates of Participation Payable	2340			
Estimated Liability for Long-Term Claims	2350			
Estimated PECO Advance Payable	2370			
Deferred Revenue	2410			
Total liabilities		139,621		139,621
NET POSITION				
Invested in Capital Assets, Net of Related Debt		90,999		90,999
Restricted for:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Capital Projects				
Other Purposes				
Unrestricted(Deficit)		(23,700)		(23,700)
				0
Total Net Position		\$67,299		\$67,299

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.

**Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Position
June 30, 2013**

Fund Balance- Governmental Funds (\$23,700)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$594,427	
Less accumulated depreciation and amortization	<u>(503,428)</u>	
		90,999

Net Position of Governmental activities \$67,299

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2013

	Governmental <u>Funds</u>	Special <u>Revenue</u>	<u>Total</u>
EXPENSES			
Instruction	585,495	13,230	\$598,725
Pupil Personnel	39,702	58	39,760
Curriculum Development		4,595	4,595
Instructional Staff Training	5,540		5,540
Instructional Related Technology	79,584		79,584
Board Services	25,987		25,987
General Administration	58,978		58,978
School Administration	171,313		171,313
Facilities Acquisition	78,321		78,321
Fiscal Services	24,352		24,352
Central Services	45,711		45,711
Debt service	47,461		47,461
Pupil Transportation	174,081		174,081
Operation of Plant	105,890		105,890
Maintenance of Plant	11,092		11,092
Administration Technology	4,036		4,036
Capital Outlay	12,606	11,246	23,852
TOTAL EXPENSES	<u>1,470,149</u>	<u>29,129</u>	<u>1,499,278</u>
PROGRAM REVENUES			
Florida Education Finance Program (FEFP)	1,181,552		1,181,552
Capital grants and contributions	76,916		76,916
Total program revenues	<u>1,258,468</u>		<u>1,258,468</u>
GENERAL REVENUES:			
Other federal sources		29,129	29,129
Other state sources			
Other local sources	186,717		186,717
Total general revenues	<u>186,717</u>	<u>29,129</u>	<u>215,846</u>
Excess of Expenses over revenues	(24,964)		(24,964)
Fund Balance, Beginning of Year	1,264		1,264
Fund Balance, End of Year	<u>(\$23,700)</u>	<u>\$ -</u>	<u>(\$23,700)</u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds (General Fund) To The
Statement of Activities
June 30, 2013**

Net Changes in Fund Balances- Governmental Funds (\$24,964)

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

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

Expenditures for capital assets	\$23,852	
Less current year depreciation and amortization	<u>(37,662)</u>	
		(\$13,809)

Long- term Liabilities not due and payable in the current period and therefore are not reported in the governmental funds	47,460
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Change in Net Position of Governmental Activities	<u><u>\$8,687</u></u>
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The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2013

	Governmental Funds				Special Revenue				TOTAL		
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Final Budget	Actual	Variance
EXPENDITURES:											
Instruction	\$651,972	\$614,738	\$585,495	(\$29,243)	\$24,942	\$18,300	\$13,230	(5,070)	\$633,038	\$598,725	(\$34,313)
Pupil Personnel	38,966	35,171	39,702	4,531	2,885	2,885	58	(2,827)	38,056	39,760	1,704
Curriculum Development	3,664				5,211	5,211	4595	(616)	5,211	4,595	(616)
Instructional staff training	4,500	4,500	5,540	1,040					4,500	5,540	1,040
Instructional related Technology	78,800	77,250	79,584	2,334					77,250	79,584	2,334
Board Services	29,600	27,537	25,987	(1,550)					27,537	25,987	(1,550)
General Administration	60,052	58,978	58,978						58,978	58,978	
School Administration	192,101	178,943	171,313	(7,630)					178,943	171,313	(7,630)
Facilities Acquisition	88,000	79,005	78,321	(684)					79,005	78,321	(684)
Fiscal Services	23,940	24,180	24,352	172					24,180	24,352	172
Food services	2,500	1,100	777	(323)					1,100	777	(323)
Central Services	40,950	40,240	44,934	4,694					40,240	44,934	4,694
Debt Service			47,461	47,461						47,461	47,461
Pupil Transportation	169,800	169,700	174,081	4,381					169,700	174,081	4,381
Operation of Plant	107,720	102,285	105,890	3,605					102,285	105,890	3,605
Maintenance of Plant	2,000	11,000	11,092	92					11,000	11,092	92
Administrative technology	3,000	4,610	4,036	(574)					4,610	4,036	(574)
Capital Outlay		14,800	12,606	(2,194)		6,642	11,246	4,604	21,442	23,852	2,410
Reserve		13,809							13,809		(13,809)
	<u>1,497,565</u>	<u>1,457,846</u>	<u>1,470,149</u>	<u>26,112</u>	<u>33,038</u>	<u>33,038</u>	<u>29,129</u>	<u>(3,909)</u>	<u>1,490,884</u>	<u>1,499,278</u>	<u>8,394</u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types (Continued)
Year Ended June 30, 2013

	Governmental Funds				Special Revenue				TOTAL		
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Final Budget	Actual	Variance
PROGRAM REVENUES:											
Florida Education Finance Program	\$1,202,974	\$1,181,502	\$1,181,552	\$50					\$1,181,502	\$1,181,552	\$50
Capital grants and contributions	108,511	84,665	76,916	(7,749)					84,665	76,916	(7,749)
	<u>1,311,485</u>	<u>1,266,167</u>	<u>1,258,468</u>	<u>(7,699)</u>					<u>1,266,167</u>	<u>1,258,468</u>	<u>(7,699)</u>
GENERAL REVENUES:											
Other federal sources					33,038	33,038	29,129	(3,909)	33,038	29,129	(3,909)
Other state sources											
Other local sources	250,197	189,681	186,717	(2,964)					189,681	186,717	(2,964)
	<u>250,197</u>	<u>189,681</u>	<u>186,717</u>	<u>(2,964)</u>	<u>33,038</u>	<u>33,038</u>	<u>29,129</u>	<u>(3,909)</u>	<u>222,719</u>	<u>215,846</u>	<u>(6,873)</u>
Excess of Revenues over											
Expenditures	<u>\$ 64,117</u>	<u>\$ (1,998)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,998)</u>		<u>(\$6,178)</u>
Net change in fund balance			(24,964)							(24,964)	
Fund Balance, Beginning of Year			<u>1,264</u>							<u>1,264</u>	
Fund Balance, End of year			<u>(\$23,700)</u>							<u>(\$23,700)</u>	

The accompanying notes are an integral part of this statement

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Riviera Beach Maritime Academy, Corp. (“the Academy”) was established as a nonprofit organization in February 2006 under the laws of the State of Florida and is the reporting entity.

The Academy operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Palm Beach County, Florida (“the School District”). Under the Contract the Academy provides an education to high school students who are interested in a career in the marine industries who reside in Palm Beach County. For financial statement purposes the Academy is not considered a component unit of the School District of Palm Beach County which is a primary government entity for financial reporting.

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

The Contract was renewed and is effective through June 2014. The Contract requires the School District to provide the Academy’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

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

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

Basic Financial Statements

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (Cont'd.)

The Statement of Activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Start Up Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

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

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

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

Basis of Accounting

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

Accrual

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Measurement Focus

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

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

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

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

Use of Estimates

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

Concentration of Credit Risk

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

Cash deposits are held at banks qualified as public depositories under Florida law.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fair Value of Financial Instruments

The Academy's financial assets measured at fair value include cash, accounts receivable, and prepaid expenses.

Contributed Services

The Academy does not recognize any support, revenue or expense from services contributed by individual volunteers because they do not meet the criteria for measurement.

Budgetary Basis of Accounting

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Organizational costs have been capitalized and reported at historical costs, and are amortized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building & Improvements	20 Years
Furniture, Fixtures and Equipment	5-10 Years
Computer Hardware and Software	5-10 Years
Organizational Costs	5 Years

Revenue Sources

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fund Balance Classifications

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

- a) **Nonspendable** fund balance includes amounts that are not in a spendable form such as inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). There were nonspendable fund balances at year end.

- b) **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. There were no restricted fund balances at year end.

- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision making authority. There were no committed fund balances at year end.

- d) **Assigned** fund balance includes amounts intended to be used by the Academy's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There were no assigned fund balances at year end.

- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund deficit at year end.

Order of Fund Balance Spending Policy

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Compensated Absences

Employees of the Academy are entitled to paid vacation, sick days and other time off depending on job classification and length of service. A liability for compensated absences attributable to services already rendered, and not contingent on a specific event that is outside the control of the Academy or employee, is accrued. The balance for compensated absences at June 30 2013, was \$29,519.

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 were as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Building & Leasehold Improvements	\$ 94,810	\$ 683	\$ -	\$ 95,493
Furniture, Fixtures and Equipment	339,556	17,174	-	356,730
Organizational Costs	99,978	-	-	99,978
Computer Software	36,232	5,994	-	42,226
	<u>\$ 570,576</u>	<u>\$ 23,851</u>	<u>\$ -</u>	<u>\$ 594,427</u>
Less Accumulated Depreciation	354,624	37,534	-	392,158
Less Accumulated Amortization	111,142	128	-	111,270
NET CAPITAL ASSETS	<u>\$ 104,810</u>	<u>\$ 13,811</u>	<u>\$ -</u>	<u>\$ 90,999</u>

Depreciation and Amortization expenses of \$37,662 were unallocated during the year ended June 30, 2013.

NOTE 3 – LONG TERM LIABILITIES

Long term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Note Payable	\$ 47,461	\$ -	\$ 47,461	\$ -	\$ -

During the year Viking Yacht Company forgave the Academy \$47,461.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Academy participates in the Florida Retirement System (“the System”), a cost-sharing multi-employer public retirement system (“PERS”), which covers substantially all of the Academy’s full time and part-time employees. All eligible employees, as defined by the State, are covered by the System. Benefits under the plan vest after six years of service.

Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit, payable monthly for life. The System also provides for death and disability benefits. These benefit provisions and all other requirements are established by State Statutes.

The State of Florida issued a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy

Under the System, the Academy was required to contribute, effective July 1, 2012, 5.3 % of the salary of all eligible employees. The required contribution by the Academy to the System for the fiscal year ended June 30, 2013 was \$27,166.

NOTE 5 – RELATED PARTY TRANSACTIONS

Three members of the Academy’s Board of Directors are employees of the Viking Yacht Company, a sponsor and main supporter of the Academy.

The Academy occupies its facilities under an operating lease with a sponsor and main supporter. Annual rental Expenses for the year ended June 30, 2013 was \$72,000.

Future minimum lease payments, over the next five years, are as follows:

June 30,			
	2014	\$	54,000
	2015		54,000
	2016		54,000
	2017		54,000
	2018		54,000
		<u>\$</u>	<u>270,000</u>

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management

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

The Academy receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the Academy and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 6, 2013.

Mark Escoffery, P.A.

Certified Public Accountant

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

To the Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida

I have audited the financial statements of Riviera Beach Maritime Academy, Corp. ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2013, and have issued my report thereon dated September 6, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

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

To the Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board Members, Management, others within the Academy and Federal Awarding Agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mark EscOFFEY, P.A.

Palm Beach Gardens, Florida
September 6, 2013

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board Members of
Riviera Beach Maritime Academy, Corp.
Riviera Beach, Florida

I have audited the financial statements of Riviera Beach Maritime Academy, Corp., Florida, ("the Academy") as of and for the fiscal year ended June 30, 2013, and have issued my report thereon dated September 6, 2013.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports and schedule, which are dated September 6, 2013, should be considered in conjunction with this management letter.

Additionally, my audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that I address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with my audit, I did not have any such findings.

- Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The Official title of the school is Riviera Beach Maritime Academy, Corp.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included 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 my audit, I determined that the Riviera Beach Maritime Academy, Corp., did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, I applied financial condition assessment procedures. It is Management's responsibility to monitor the Riviera Beach Maritime Academy, Corp.'s financial condition, and my financial condition assessment was based in part on representations made by Management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require me to indicate that this letter is intended solely for the information and use of Management, the Florida Auditor General, the Academy's Board Members and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.

Mark Escoffery, P.A.
September 6, 2013