

---

BOCA RATON CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT  
&  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2014

---

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

**BOCA RATON CHARTER SCHOOL, INC.**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>Independent Auditor’s Report</b>	<b>1-2</b>
<b>Management’s Discussion and Analysis</b>	<b>3-6</b>
<b>Governmental Fund (General Fund) Balance Sheet</b>	<b>7</b>
<b>Statement of Net Position</b>	<b>8</b>
<b>Reconciliation of the Government Fund (General Fund) Balance Sheet to the Statement of Net Position</b>	<b>9</b>
<b>Statement of Governmental Fund (General Fund) Revenues, Expenditures and Changes in Fund Balances</b>	<b>10</b>
<b>Statement of Activities</b>	<b>11</b>
<b>Reconciliation of Statement of Revenues, Expenditures, And Changes in Fund Balance of Governmental Fund to the Statement of Activities</b>	<b>12</b>
<b>Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual – All Governmental Fund Types</b>	<b>13-14</b>
<b>Notes to Financial Statements</b>	<b>15-21</b>
<b>Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standard</i></b>	<b>22-23</b>
<b>Management Letter</b>	<b>24-25</b>

# **Mark Escoffery, P.A.**

***Certified Public Accountant***

8645 N. Military Trail  
Suite 503  
Palm Beach Gardens, FL 33410

Tel (561) 627-1404  
Fax (561) 627-3844

## **INDEPENDENT AUDITOR'S REPORT**

To the Board Members of  
Boca Raton Charter School, Inc.  
Boca Raton, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Boca Raton Charter School, Inc. ("the School") (a nonprofit organization) as of and for the year ended June 30, 2014 which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

To the Board Members of  
Boca Raton Charter School, Inc.  
Boca Raton, Florida  
Page 2

***Opinion***

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2014, 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 9, 2014, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

***Other Matters***

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental 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 E. Coffey, P.A.*

Palm Beach Gardens, Florida  
September 9, 2014

**BOCA RATON CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

Our discussion and analysis of Boca Raton Charter School's ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2014.

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

For financial statement purposes the School is considered a component unit of the School District of Palm Beach County which is a primary government entity for financial reporting. The School 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 School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

**NON FINANCIAL HIGHLIGHTS**

The School had 103 students enrolled for the school year 2013-2014. It has budgeted for 108 students for the school year 2014-2015.

**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 School'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 School'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 School is improving or deteriorating.

*The Statement of Activities* presents information showing how the government's net positions 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.

**BOCA RATON CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)**

*Fund Financial Statements (Cont'd.)*

*Governmental Funds* – All of the School'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 School'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 15-21 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$540,687 at June 30, 2014.

**NET ASSETS**

	<u><b>JUNE 30 2014</b></u>	<u><b>JUNE 30, 2013</b></u>
Current and other Assets	\$ 569,499	\$ 711,085
Capital Assets	19,878	29,229
Total Assets	<u>\$ 589,377</u>	<u>\$ 740,314</u>
Other Liabilities	\$ 48,690	\$ 34,166
Total Liabilities	<u>\$ 48,690</u>	<u>\$ 34,166</u>
Investment in Capital Assets	\$ 19,878	\$ 29,229
Unrestricted	520,809	676,919
Total Net Position	<u><u>\$ 540,687</u></u>	<u><u>\$ 706,148</u></u>

Revenues from governmental activities totaled \$734,244 for the year ended June 30, 2014. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 92.9% of total revenue.

**BOCA RATON CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

<u>Revenue Source</u>		<u>% of Total 6/30/14</u>		<u>% of Total 6/30/13</u>
State Sources	\$ 727,111	84.6	\$ 664,335	83.3
Local Sources	125,226	14.6	123,982	15.6
Federal Sources	7,133	.8	8,260	1.1
<b>Total</b>	<b>\$ 859,470</b>	<b>100.0</b>	<b>\$ 796,577</b>	<b>100.0</b>

Local revenue sources are primarily donations and pre-school fees.

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

<u>EXPENSE</u>		<u>% of Total 6/30/14</u>		<u>% of Total 6/30/13</u>
Instruction	\$ 424,070	41.4	\$ 416,431	48.4
Instructional Staff Training	260	-	390	-
Inst. Curriculum Dev.	1,822	.2	1,773	.2
Board Services	47,266	4.6	20,516	2.5
School Administration	151,592	14.8	144,893	16.8
Fiscal Services	9,788	1.0	9,642	1.1
General Administration	34,202	3.3	31,926	3.7
Facilities Acquisition	306,855	29.9	188,350	21.9
Operation of Plant	27,744	2.7	25,476	3.0
Maintenance of Plant	21,332	2.1	20,904	2.4
Tech Support	-	-	325	-
<b>TOTAL</b>	<b>\$ 1,024,931</b>	<b>100.0</b>	<b>\$ 860,626</b>	<b>100.0</b>

**BUDGETARY HIGHLIGHTS**

There was no material difference between budgeted Federal and State and actual revenue for the year ended June 30, 2014.

Local revenue sources were approximately \$29,000 more than budgeted because donations of \$23,000 were not budgeted.

Overall actual expenses were \$201,347 more than budgeted, primarily because the School spent approximately \$78,000 in expenses related to the acquisition of a building and an increase in rental expenses of approximately \$117,000. The costs related to the new building were not budgeted while the rental expenses were under budgeted by \$117,000.

Total fund balance of the General Fund was \$520,809 at June 30, 2014.

**BOCA RATON CHARTER SCHOOL, INC.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**CAPITAL ASSETS**

The School’s investment in capital assets at June 30, 2014 was \$19,878 (net of depreciation). The investment includes furniture, fixtures, and equipment. The following is a summary of capital assets balances at June 30, 2014:

Furniture, Fixtures and Equipment	\$ 93,512
Less Accumulated Depreciation	<u>73,634</u>
	<u><u>\$ 19,878</u></u>

**PROSPECTS FOR THE FUTURE**

The School 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.

- Administration believes that the School will maintain its “A” rating from the Department of Education, based on test scores and academic achievement.
- The Administration believes that high test scores will to be achieved because of investment in reading and math computer based programs.
- The School should surpass its budgeted amount of 108
- 
- students for the 2014-2015 School Year.
- The Administration believes that the School will progress and contribute to the educational requirements of Palm Beach County.

**REQUESTS FOR INFORMATION**

The Management Discussion and Analysis provides a general overview of the finances of the School. Requests for additional information should be addressed to Brigitte Livingstone, Administrative Assistant, 269 NE 14<sup>th</sup> Street, Boca Raton, Florida 33432.



**BOCA RATON CHARTER SCHOOL, INC.**

**Governmental Fund (General Fund) Balance Sheet  
June 30, 2014**

	<u>Governmental Funds</u>
<b>ASSETS</b>	
Cash	\$541,669
Accounts Receivable	10,673
Prepayments	17,157
<b>Total Assets</b>	<u><u>\$569,499</u></u>
<b>LIABILITIES</b>	
Accrued salaries payable	43,690
Accounts Payable	5,000
<b>Total Liabilities</b>	<u><u>48,690</u></u>
<b>FUND BALANCE</b>	
Nonspendable	17,157
Unassigned	503,652
	<u>520,809</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$569,499</u></u>

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**For the Year ended June 30, 2014**

ASSETS	Account Number	Primary Government		Total
		Governmental Activities	Business-type Activities	
Cash and Cash Equivalents	1110	541,669		541,669
Accounts Receivable, Net	1130	10,673		
<b>Restricted Assets:</b>				
Cash with Fiscal Agent	1114			
Deposits receivable	1210			
<b>Deferred Charges:</b>				
Prepaid Items	1230	17,157		17,157
Issuance Costs				
<b>Capital Assets:</b>				
Improvements other than Buildings	1320			
Less Accumulated Depreciation	1329			
Furniture, Fixtures and equipment	1340	93,512		93,512
Less Accumulated Depreciation	1349	(73,634)		(73,634)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Computer Software	1382			
Less Accumulated Depreciation	1389			
<b>Total Assets</b>		<b>589,377</b>		<b>589,377</b>
<b>LIABILITIES</b>				
Salaries and Wages Payable	2110	43,690		43,690
Payroll Deductions and Withholdings	2170			
Accounts Payable	2120	5,000		5,000
<b>Noncurrent Liabilities:</b>				
Portion Due Within One Year:				
Bonds Payable	2320			
Liability for Compensated Absences	2330			
<b>Total Liabilities</b>		<b>48,690</b>		<b>48,690</b>
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt		19,878		19,878
<b>Restricted For:</b>				
Categorical Carryover Programs	2710			
Debt Service	2750			
Unrestricted		520,809		520,809
<b>Total Net Position</b>		<b>540,687</b>		<b>540,687</b>

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**

**Reconciliation of the Governmental Fund (General Fund)  
Balance Sheet To The Statement of Net Position  
June 30, 2014**

Fund Balance- Governmental Funds \$520,809

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

Governmental capital assets	\$93,512	
Less accumulated depreciation	<u>(73,634)</u>	
		19,878

Net Position of Governmental activities \$540,687

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**Statement of Governmental Fund (General Fund) Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2014**

	<u>Governmental</u> <u>Funds</u>	<u>Special</u> <u>Revenue</u>	<u>Total</u>
<b>EXPENSES</b>			
Instruction	\$416,937	\$7,133	\$424,070
Instructional Staff training	260		260
Curriculum Development	1,822		1,822
Board Services	47,266		47,266
General Administration	34,202		34,202
School Administration	151,592		151,592
Fiscal Services	9,788		9,788
Facilities Acquisition	306,855		306,855
Operation of Plant	18,394		18,394
Maintenance of Plant	21,332		21,332
Capital additions			
<b>TOTAL EXPENSES</b>	<b>1,008,448</b>	<b>7,133</b>	<b>1,015,581</b>
<b>PROGRAM REVENUES</b>			
Florida Education Finance Program (FEFP)	682,816		682,816
Capital grants and contributions	42,500		42,500
Charges for services	93,203		93,203
<b>Total program revenues</b>	<b>818,519</b>		<b>818,519</b>
<b>GENERAL REVENUES:</b>			
Other federal sources		7,133	7,133
Other state sources	1,795		1,795
Other local sources	32,023		32,023
<b>Total general revenues</b>	<b>33,818</b>	<b>7,133</b>	<b>40,951</b>
<b>Excess of Revenues over expenses</b>	(156,111)		(156,111)
<b>Fund Balance, Beginning of Year</b>	<b>676,919</b>		<b>676,919</b>
<b>Fund Balance, End of Year</b>	<b>520,809</b>	<b>\$ -</b>	<b>\$520,809</b>

The accompanying notes are an integral part of this statement

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction	5000	\$ 424,070	\$ 93,203	\$ 8,928		\$ (321,939)		(321,939)
Pupil Personnel Services	6100							
Instructional Media Services	6200							
Instruction and Curriculum Development Services	6300	1,822				(1,822)		(1,822)
Instructional Staff Training Services	6400	260				(260)		(260)
Board	7100	47,266				(47,266)		(47,266)
General Administration	7200	34,202				(34,202)		(34,202)
School Administration	7300	151,592				(151,592)		(151,592)
Facilities Acquisition and Construction	7400	306,855		42,500		(264,355)		(264,355)
Fiscal Services	7500	9,788				(9,788)		(9,788)
Food Services	7600							
Central Services	7700							
Pupil Transportation Services	7800							
Operation of Plant	7900	18,394				(18,394)		(18,394)
Maintenance of Plant	8100	21,332				(21,332)		(21,332)
Technical Support	8200							
Community Services	9100							
Interest on Long-term Debt	9200							
Unallocated Depreciation Expense *		9,350				(9,350)		(9,350)
Total governmental activities		1,024,931	93,203	51,428		(880,300)		(880,300)
Business-type activities:								
Total business-type activities								
Totals		1,024,931	93,203	51,428		(880,300)		(880,300)

General Revenues:

Taxes:

Property taxes, levied for operational purposes 859470.00  
Property taxes, levied for debt service  
Property taxes, levied for capital projects  
Local sales taxes

Florida Education Finance program (FEFP)

Grants and contributions not restricted to specific programs

Investment earnings

Special items

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position-beginning

Net position-ending

	682,816	
	32,023	32,023
	714,839	714,839
	(165,461)	(165,461)
	706,148	706,148
	\$540,687	\$540,687

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

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances  
of Governmental Fund (General Fund) To The  
Statement of Activities  
June 30, 2014**

Net Changes in Fund Balances- Governmental Funds (\$156,111)

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		
Less current year depreciation	<u>(9,350)</u>	
		<u>(9,350)</u>
Change in Net Assets of Governmental Activities		<u><u>(\$165,461)</u></u>

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**Year Ended June 30, 2014**

	Governmental Funds			Special Revenue			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>EXPENDITURES:</b>									
Instruction	401,564	\$416,937	\$15,373	\$5,250	\$7,133	\$1,883	\$406,814	\$424,070	\$17,256
Instructional Staff training	11,415	260	(11,155)				11,415	260	(11,155)
Ins. and Curriculum Dev.	7,200	1,822	(5,378)					1,822	1,822
Board Services	18,308	47,266	28,958				18,308	47,266	28,958
General Administration	34,278	34,202	(76)				34,278	34,202	(76)
School Administration	121,423	151,592	30,169				121,423	151,592	30,169
Fiscal Services	10,444	9,788	(656)				10,444	9,788	(656)
Central Services	700		(700)				700		(700)
Facilities Acquisition	136,236	306,855	170,619				136,236	306,855	170,619
Operation of Plant	31,501	18,394	(13,107)				31,501	18,394	(13,107)
Maintenance of Plant	5,000	21,332	16,332				5,000	21,332	16,332
Pupil Transportation	13,076		(13,076)				13,076		(13,076)
AdminTechnology	1,500		(1,500)				1,500		(1,500)
Capital Outlay									
Reserve	23,539		(23,539)				23,539		(23,539)
	<u>816,184</u>	<u>1,008,448</u>	<u>192,264</u>	<u>5,250</u>	<u>7,133</u>	<u>1,883</u>	<u>814,234</u>	<u>1,015,581</u>	<u>201,347</u>
<b>PROGRAM REVENUES:</b>									
Florida Education Finance Program	685,562	682,816	(2,746)				685,562	682,816	(2,746)
Capital grants and contributions	34,680	42,500	7,820				34,680	42,500	7,820
Charges for services	95,000	93,203	(1,797)				95,000	93,203	(1,797)
	<u>815,242</u>	<u>818,519</u>	<u>3,277</u>				<u>815,242</u>	<u>818,519</u>	<u>3,277</u>

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**Year Ended June 30, 2014 (Continued)**

	Governmental Funds			Special Revenue			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
<b>GENERAL REVENUES:</b>									
Other federal sources				5,250	7,133	1,883	5,250	7,133	1,883
Other state sources	1,087	1,795	708				1,087	1,795	708
Other local sources	3,000	32,023	29,023				3,000	32,023	29,023
	<u>4,087</u>	<u>33,818</u>	<u>29,731</u>	<u>5,250</u>	<u>7,133</u>	<u>1,883</u>	<u>9,337</u>	<u>40,951</u>	<u>31,614</u>
Excess of Expenditures over Revenues	<u>\$ 3,145</u>	<u>(156,111)</u>	<u>(159,256)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,345</u>	<u>(156,111)</u>	<u>(\$166,456)</u>
<b>Fund Balance, Beginning of Year</b>		<u>676,919</u>					<u>676,919</u>		
<b>Fund Balance, End of year</b>		<u>\$520,809</u>			<u>\$ -</u>		<u>\$520,809</u>		

The accompanying notes are an integral part of this statement



**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Boca Raton Charter School (“the School”) was established as a nonprofit organization in February 2006 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Palm Beach County, Florida. Under the Contract the School provides an elementary education to children who reside in Palm Beach County in and around the City of Boca Raton. For financial statement purposes the School 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 2029.

. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

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

The School’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 School are discussed below.

**Basic Financial Statements**

The School’s basic financial statements are the Statements of Net Position and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general 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 School’s net position is reported in three parts – invested in capital assets, net of related debt; restricted for categorical carryover programs, debt service; and unrestricted net position.

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

**Basic Financial Statements (Cont'd.)**

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 column reflects capital-specific grants.

**Fund Financial Statements**

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

*General Fund* – is the School's primary operating fund. It accounts for all financial resources of the School, 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 School to use restricted resources first, then unrestricted resources as they are needed.

**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.

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

**Measurement Focus (Cont'd.)**

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

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School 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 School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The school has not experienced any losses on such balances.

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

**Contributed Services and Facilities**

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

**Budgetary Basis of Accounting**

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

**Capital Assets**

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

Furniture, Fixtures and Computer Equipment	5-10 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 School's Charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School District of Palm Beach County. Funding for the School 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 School during the designated full-time equivalent student survey periods. In addition the School receives an annual allocation of charter school capital outlay funds for leasing of school facility.

**Fund Balance Classifications**

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

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

- c) **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision making authority. There was no committed fund balance at year end.
- d) **Assigned** fund balance includes amounts intended to be used by the School's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There was no assigned fund balance at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

**Order of Fund Spending Policy**

The School'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 School's Board of Directors can deviate from this policy if it is in the best interest of the School.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

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

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

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

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

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

**BOCA RATON CHARTER SCHOOL, INC.  
NOTES TO FINNCIAL STATEMENTS (Cont'd.)  
FOR THE YEAR ENDED JUNE 30 2014**

**NOTE 2 – FAIR VALUE MEASUREMENTS (Cont'd.)**

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

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2014 were as follows:

	Balance <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>Ending</u>
Furniture, Fixtures & Equipment	\$ 93,512	\$ -	\$ -	\$ 93,512
	93,512	-	-	93,512
Less Accumulated Depreciation	64,284	9,350		73,634
<b>NET CAPITAL ASSETS</b>	<u>\$ 29,228</u>	<u>\$ 9,350</u>	<u>\$ -</u>	<u>\$ 19,878</u>

Depreciation expense of \$9,350 was charged to Operation of Plant during the year ended June 30, 2014.

**NOTE 4 – YACHT TRANSACTIONS**

The School is involved in a donation program with a third party company that secures donated boats to not-for-profit organizations as a means of fundraising. The School has a written agreement with the third party company to act as its agent and to handle the entire boat donation program including execution of various documentation that are required to be filed with certain taxing authorities. When the vessels are sold or leased the School receives a donation. The School had one donated boat during the year ended June 30, 2014. These donated vessels have not been recorded on the books of the School because there is no objective way to measure the value of the transaction or of the donation the School will receive when the boats are sold or leased. Even though the School has title to the boats, they have little or no control over the proceeds of sale and thus no ability to determine what revenue will be generated.

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

**Lease Agreement**

The School leases its facilities annually with options to renew for additional one year terms. Annual rental expenses for the year ended June 30, 2014, were \$219,000. Future minimum lease payments under this lease, assuming the lease will be renewed for additional terms, are as follows:

June 30, 2015	\$ 220,000
June 30, 2016	226,000
June 30, 2017	233,000
June 30, 2018	240,000
June 30, 2019	247,000
	<u>\$ 1,166,000</u>

**Risk Management**

The School 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 School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last four years reveals that settled claims have not exceeded insurance coverage.

The School 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 School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted to the State due to errors in their FTE count would not be material to the financial position of the School.

**NOTE 6 – SUBSEQUENT EVENTS**

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 9, 2014.

# **Mark Escoffery, P.A.**

---

**Certified Public Accountant**

8645 N. Military Trail  
Suite 503  
Palm Beach Gardens, FL 33410

Tel (561) 627-1404  
Fax (561) 627-3844

## **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  
Boca Raton Charter School, Inc.,  
Boca Raton, Florida

I have audited the financial statements of Boca Raton Charter School, Inc. ("the School") (a nonprofit organization) as of and for the year ended June 30, 2014, and have issued my report thereon dated September 9, 2014. 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 School's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School's internal control over financial reporting

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

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



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

To The Board Members of  
Boca Raton Charter School, Inc.  
Boca Raton, Florida  
Page 2

**Compliance and Other Matters**

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

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

*Wanda Ewoff, P.A.*

Palm Beach Gardens, Florida  
September 9, 2014

# **Mark Escoffery, P.A.**

---

## **Certified Public Accountant**

8645 N. Military Trail  
Suite 503  
Palm Beach Gardens, FL 33410

Tel (561) 627-1404  
Fax (561) 627-3844

### **MANAGEMENT LETTER**

To the Board Members of  
Boca Raton Charter School, Inc.  
Boca Raton, Florida

#### **Report on the Financial Statements**

I have audited the financial statements of Boca Raton Charter School, Inc., Florida, ("the School") as of and for the fiscal year ended June 30, 2014, and have issued my report thereon dated September 9, 2014.

#### **Auditor's Responsibility**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

#### **Other Reporting Required by *Government Auditing Standards***

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Report on Internal Control over Compliance. Disclosures in those reports, which are dated September 9, 2014, should be considered in conjunction with this management letter.

#### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

#### **Financial Condition**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that I apply appropriate procedures to determine whether or not the Boca Raton Charter School, Inc. 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 Boca Raton Charter School, Inc. did not meet any of the conditions described in Section 218.503(1).

**MANAGEMENT LETTER**  
**(Continued)**

**Financial Condition (Cont'd.)**

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that I apply financial condition assessment procedures for the Boca Raton Charter School, Inc. It is management's responsibility to monitor the Boca Raton Charter School, Inc.'s financial condition, and my financial condition assessment was based in part on the representations made by management and the review of financial information provided by same. Financial assessments made did not indicate that the Boca Raton Charter School Inc.'s financial condition is deteriorating.

**Transparency**

Sections 10.854(1)(e)7. and 10.855(3), Rules of the Auditor General, require that I apply appropriate procedures to determine whether the Boca Raton Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Boca Raton Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

**Other Matters**

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

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

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Boca Raton Charter School, Inc.

**Purpose of this Letter**

My management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management 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, 2014