

**CAMPUS CHARTER
SCHOOL
(A division of Primary
Charter Schools, Inc.)**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2014**

**BERMAN HOPKINS
WRIGHT & LAHAM**
CPAS AND ASSOCIATES, LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Primary Charter Schools, Inc.
Port St. John, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campus Charter School (the "School"), a division of Primary Charter Schools, Inc., (the "Charterholder") and a component unit of the School Board of Brevard County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

August 27, 2014
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of Campus Charter School (the "School" which is a component unit of the School District of Brevard County, Florida), a division of Primary Charter Schools, Inc. (the "Charterholder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2014 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements found starting on page 8.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$135,408(net position).
- The School's total net position decreased by \$22,299.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$93,663.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$90,567.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the School's assets 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 School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the School District of Brevard County, Florida. The School District of Brevard County, Florida includes the operations of the School in their operational results.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

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

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and capital outlay fund are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found on pages 26 through 28 of this report.

Notes to the financial statements. The notes 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 starting on page 14 of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a School's financial position. In the case of the School, for the years ended June 30, 2014 and 2013, assets exceeded liabilities by \$135,408 (net position) and \$157,707 (net position), respectively.

The largest portion of the School's net position is the unrestricted portion. Another portion of the net position reflects its investment in capital assets (e.g., buildings, furniture, fixtures, and equipment, and improvements other than buildings), less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets totaled \$41,745 at June 30, 2014.

Comparison of the condensed statement of net position and the statement of activities are provided below.

Total assets increased due to capital outlay from other agencies which are collectible during the next school year. Total liabilities increased as a result of the increase in accrued payroll. Overall, net position decreased \$22,299 since prior year.

**Campus Charter School
Statement of Activities**

	Governmental Activities		
	2014	2013	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 111,291	\$ 112,030	\$ (739)
General revenues:			
Federal passed through local school district	4,999	-	4,999
State passed through local school district	884,165	806,839	77,326
Other revenues	17,530	16,655	875
Total revenues	<u>1,017,985</u>	<u>935,524</u>	<u>82,461</u>
Expenses:			
Basic instruction	510,834	440,666	70,168
Exceptional instruction	46,767	48,371	(1,604)
School administration	259,815	209,986	49,829
Fiscal services	11,925	11,875	50
Fund Raising	2,258	-	2,258
Transportation	4,580	3,448	1,132
Operation of plant	192,350	185,803	6,547
Maintenance of plant	10,544	6,600	3,944
Interest on long-term obligation	1,211	619	592
Total expenses	<u>1,040,284</u>	<u>907,368</u>	<u>132,916</u>
Change in net position	(22,299)	28,156	(50,455)
Net position - beginning	<u>157,707</u>	<u>129,551</u>	<u>28,156</u>
Net position - ending	<u>\$ 135,408</u>	<u>\$ 157,707</u>	<u>\$ (22,299)</u>

The increase in state passed through local school district resulted from an increase in student allocation funding base per student, as well as, an increase in revenues for teacher salary increases. Overall expenses increased from the prior year mainly as the School increased teachers' salaries in accordance with the teacher salary increase allocation mandated by the state.

Financial Analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

As of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$93,663.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$90,567.

During the current fiscal year, the fund balance of the School's general fund decreased by \$27,571.

General Fund Budgetary Highlights

Actual general fund revenues exceeded budgeted revenues by \$1. Budgeted general fund expenditures exceeded actual expenditures by \$2,242. The significant fluctuations between budgeted and actual expenditures consisted of budgeted basic instruction expenditures exceeding actual expenditures by \$24,658 and actual school administration fund expenditures exceeded budgeted expenditures by \$10,842.

The budgetary information can be found on pages 26 through 28 of this report.

Capital Asset and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental type activities as of June 30, 2014, amounts to \$49,271, net of accumulated depreciation. This investment in capital assets includes buildings, furniture, fixtures and equipment, and improvements other than buildings. Additional information on the School's capital assets can be found in Note C.

Debt Administration. The School's long-term liabilities at June 30, 2014 totaled \$7,526, an increase of \$4,515 from 2013. Additional information on the School's long-term obligations can be found in Note D.

Economic Factors

A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment for the 2014 - 2015 school year to increase by 12%.

Request for Information

This financial report is designed to provide a general overview of the Campus Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Campus Charter School, 3805 Curtis Blvd., Port St. John, Florida, 32927.

Campus Charter School
(A division of Primary Charter Schools, Inc.)

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 121,300
Due from other agencies	26,699
Due from related party, net	1,700
Deposits receivable	821
Prepaid expenses	2,275
Total current assets	152,795
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Buildings	575
Furniture, fixtures and equipment	11,736
Improvements other than buildings	36,960
Total capital assets	49,271
Total assets	202,066
LIABILITIES	
Accounts payable	827
Accrued payroll	58,305
Long-term liabilities:	
Capital lease obligations - due within one year	3,942
Capital lease obligations - due in more than one year	3,584
Total liabilities	66,658
NET POSITION	
Net Investment in capital assets	41,745
Unrestricted	93,663
Total net position	\$ 135,408

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

Campus Charter School
(A division of Primary Charter Schools, Inc.)

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 510,834	\$ -	\$ 23,408	\$ -	\$ (487,426)
Exceptional instruction	46,767	-	28,024	-	(18,743)
School administration	259,815	-	1,689	-	(258,126)
Fiscal services	11,925	-	-	-	(11,925)
Fund raising	2,258	-	-	-	(2,258)
Transportation	4,580	-	-	-	(4,580)
Operation of plant	192,350	-	58,170	-	(134,180)
Maintenance of plant	10,544	-	-	-	(10,544)
Interest on long-term obligations	1,211	-	-	-	(1,211)
Total governmental activities	\$ 1,040,284	\$ -	\$ 111,291	\$ -	(928,993)
General revenues:					
Federal passed through local school district					4,999
State passed through local school district					884,165
Other revenues					17,530
Total general revenues					906,694
Change in net position					(22,299)
Net position at July 1, 2013					157,707
Net position at June 30, 2014					\$ 135,408

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

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 121,300	\$ -	\$ -	\$ 121,300
Due from other agencies	7,725	18,974	-	26,699
Due from related party, net	1,700	-	-	1,700
Due from other funds	18,974	-	255	19,229
Deposits receivable	821	-	-	821
Prepaid expenses	2,275	-	-	2,275
Total assets	<u>\$ 152,795</u>	<u>\$ 18,974</u>	<u>\$ 255</u>	<u>\$ 172,024</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 827	\$ -	\$ -	\$ 827
Accrued payroll	58,305	-	-	58,305
Due to other funds	-	18,974	255	19,229
Total liabilities	<u>59,132</u>	<u>18,974</u>	<u>255</u>	<u>78,361</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenses	2,275	-	-	2,275
Unassigned	91,388	-	-	91,388
Total fund balances	<u>93,663</u>	<u>-</u>	<u>-</u>	<u>93,663</u>
Total liabilities and fund balances	<u>\$ 152,795</u>	<u>\$ 18,974</u>	<u>\$ 255</u>	<u>\$ 172,024</u>

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

Campus Charter School
(A division of Primary Charter Schools, Inc.)

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

June 30, 2014

Fund balances - total governmental funds \$ 93,663

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Buildings, net	\$ 575	
Furniture, fixtures and equipment, net	11,736	
Improvements other than buildings, net	<u>36,960</u>	
Total capital assets		49,271

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital leases		<u>(7,526)</u>
Total net position of governmental activities		<u>\$ 135,408</u>

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

Campus Charter School
(A division of Primary Charter Schools, Inc.)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the year ended June 30, 2014

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through local school district	\$ 4,999	\$ -	\$ 53,121	\$ 58,120
State passed through local school district	884,165	58,170	-	942,335
Other revenues	17,530	-	-	17,530
Total revenues	906,694	58,170	53,121	1,017,985
Expenditures				
Current:				
Basic instruction	483,117	-	23,408	506,525
Exceptional instruction	18,743	-	28,024	46,767
School administration	257,918	-	1,689	259,607
Fiscal services	11,925	-	-	11,925
Fund raising	2,258	-	-	2,258
Transportation	4,580	-	-	4,580
Operation of plant	132,172	58,170	-	190,342
Maintenance of plant	7,887	-	-	7,887
Fixed capital outlay	13,970	-	-	13,970
Debt service:				
Principal	4,863	-	-	4,863
Interest	1,211	-	-	1,211
Total expenditures	938,644	58,170	53,121	1,049,935
Excess (deficiency) of revenues over (under) expenditures	(31,950)	-	-	(31,950)
Other financing sources:				
Proceeds from capital lease obligation	9,378	-	-	9,378
Total other financing sources	9,378	-	-	9,378
Net change in fund balances	(22,572)	-	-	(22,572)
Fund balances at July 1, 2013	116,235	-	-	116,235
Fund balances at June 30, 2014	\$ 93,663	\$ -	\$ -	\$ 93,663

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

Campus Charter School
(A division of Primary Charter Schools, Inc.)

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

For the year ended June 30, 2014

Net change in fund balances - total governmental funds \$ (22,572)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Total fixed capital outlay	\$	13,970	
Less: depreciation		<u>(9,182)</u>	
			4,788

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Proceeds from capital lease obligation		(9,378)	
Principal payments on long term debt (capital lease)		<u>4,863</u>	

Change in net position of governmental activities \$ (22,299)

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

Campus Charter School
(A division of Primary Charter Schools, Inc.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Campus Charter School (the "School") is a division of Primary Charter Schools, Inc. (the "Charterholder"), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The Charterholder is designated as an educational organization under Section 501(c)(3) of the Internal Revenue Code. The governing body of the School is the Board of Directors, which is composed of four members. The financial information presented is that of Campus Charter School only and is not intended to be a complete presentation of the Charterholder.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School District of Brevard County, Florida (the "District"). The current charter commenced on July 1, 2013 covering a term of 5 years ending on July 10, 2018 with the Board of Brevard County, Florida (the "District"). Campus Charter School is considered a component unit of the School Board of Brevard County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets, restricted net position, and unrestricted net position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and capital outlay as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All government fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - is the general operating fund of the School and is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by the School District of Brevard County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash is made up of cash on hand at the School, a checking account, and a money market account held at a financial institution. The School does not have any cash equivalents.

5. Receivables

For the year ended June 30, 2014, the School's receivables totaled \$29,220. Management has determined the School's receivables to be 100% collectable, and therefore no allowance has been recorded.

6. Interfund activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. For the year ending June 30, 2014, the School's interfund receivable/payables totaled \$19,229.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid expenses in both government-wide and fund financial statements. The prepaid balance was \$2,275 at June 30, 2014.

8. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,500 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	7
Furniture, fixtures and equipment	5 - 7
Improvements other than buildings	5 - 15

9. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and repayments of debt principal as debt service expenditures.

10. Revenue sources

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

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue sources (continued)

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues are derived from various fundraising activities, interest on bank accounts, student activities, book fair, and other miscellaneous items.

11. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service for years ending before June 30, 2011.

12. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

13. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification (continued)

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not spendable (such as deposits receivable and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level of action to remove or change the constraint.

Assigned fund balance - amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE B - CASH

Custodial credit risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The bank balances of the School's deposits were \$131,735 at June 30, 2014. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to Section 280.08, Florida Statutes. At June 30, 2014, the School's deposits were not exposed to custodial credit risk.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE C - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets depreciated:				
Buildings	\$ 7,747	\$ -	\$ -	\$ 7,747
Furniture, fixtures and equipment	103,467	9,378	-	112,845
Improvements other than buildings	89,010	4,592	-	93,602
Total assets depreciated	<u>200,224</u>	<u>\$ 13,970</u>	<u>\$ -</u>	<u>214,194</u>
Less accumulated depreciation:				
Buildings	6,569	\$ 603	\$ -	7,172
Furniture, fixtures and equipment	97,716	3,393	-	101,109
Improvements other than buildings	51,456	5,186	-	56,642
Total accumulated depreciation	<u>155,741</u>	<u>\$ 9,182</u>	<u>\$ -</u>	<u>164,923</u>
Total capital assets depreciated, net	<u>44,483</u>			<u>49,271</u>
Total governmental activities capital assets	<u>\$ 44,483</u>			<u>\$ 49,271</u>

Depreciation expense for the year ended June 30, 2014 was charged to functions of the School as follows:

Basic instruction	\$ 4,309
School administration	208
Operation of plant	2,008
Maintenance of plant	<u>2,657</u>
	<u>\$ 9,182</u>

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE D - LONG-TERM LIABILITIES

1. Changes in long-term liabilities

Changes in long-term liabilities were as follows:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Due within one year
Capital leases	\$ 3,011	\$ 9,378	\$ 4,863	\$ 7,526	\$ 3,942

2. Capital leases

The School entered into a lease agreement on October 20, 2009, as a lessee for the use of computers and a server. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, is recorded at the present value of the future minimum lease payments at the inception date. The principal and interest payment is \$178 per month and the agreement expires November 2014. During the 2013-14 School year, the School entered into a new lease agreement on August 1, 2013 for the use of computers and servers in the amount of \$9,378. This new lease agreement qualifies as a capital lease for accounting purposes and is stated at present value of the future minimum lease payment at the inception date. The principal and interest payments of the lease are \$328 per month and the agreement expires on September 2017.

The assets acquired through the capital leases are recorded in the government-wide statements as follows:

	Governmental Activities
Asset	
Furniture, fixtures and equipment	\$ 19,089
Less: accumulated depreciation	(7,283)
	\$ 11,806

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE D - LONG-TERM LIABILITIES (continued)

2. Capital leases (continued)

The future minimum lease obligations and the net present value of the minimum lease payments are as follows:

Fiscal year ending June 30,	
2014	\$ 4,879
2015	3,936
	<hr/>
Total minimum lease payments	8,815
Less: amount representing interest	<hr/> (1,289)
Present value of future minimum lease payments	<hr/> <hr/> \$ 7,526

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Management service contract

The School entered into a service agreement, commencing on May 8, 2009, with Educators Management Group, Inc. (the "management company"). Current year management fees charged to operations totaled \$106,100. The fee is based on 12% of the state passed through local school district revenue and does not contain a clause for specific benchmarks. The term of the agreement is for the duration of the charter agreement.

2. Operating leases

The School is a party to a facility lease agreement with an entity which is controlled by the owners of the management company (related party), and expires June 30, 2015. The agreement includes a renewal option of one additional period of five years upon the same terms and conditions and includes an increase in the base rent by a dollar per square foot each year. The current year terms of the lease are \$10,874 per month plus \$1,977 per month for insurance, maintenance, and applicable taxes. Current year facilities expense charged to operations totaled \$154,219. Future minimum lease payments for the year ending June 30, 2015 is \$154,219.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE F - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Brevard County, Florida	
Base funding	\$ 572,814
Class size reduction	182,750
Discretionary millage	40,510
ESE guaranteed allocation	45,263
Supplemental academic instruction	37,122
Teacher salary increase allocation	24,950
Discretionary compression	12,055
Discretionary lottery	1,401
Instructional materials allocation	9,694
Safe schools	3,340
Florida teachers lead	2,367
Library media allocation	621
Proration	(2,696)
Additional allocation	509
Administration fee withheld	(46,535)
Subtotal	884,165
Capital outlay	58,170
Title one	51,432
Title two	1,689
K-12 Reading	4,999
Total School Board of Brevard County, Florida	1,000,455
Other revenues	17,530
Total revenues	\$ 1,017,985

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE G - RELATED PARTY TRANSACTION

Operating lease

As stated above, the School has an operating lease for facilities with a related party.

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the property insurance policy, the School's liability is \$2,500 per deductible. There have been no significant reductions in insurance coverage during fiscal year 2014. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the previous three years.

NOTE I - SUBSEQUENT EVENTS

1. Intercompany Non-interest Bearing Loan

Subsequent to June 30, 2014, Campus Charter School's Board Chair authorized an 18 month non-interest bearing loan in the amount of \$24,000 to Campus Developmental Research Schools (a related party of Primary Charter Schools). The board quorum as of the date of the auditor's report has not conducted a vote over the final approval of the loan. Campus Developmental Research Schools is to make monthly payments in the amount of \$500 per month commencing on September 20, 2014 and ending on January 20, 2015. Campus Developmental Research School may accelerate the payments and payoff the full amount at an earlier date at discretion.

2. Subsequent event

The School has evaluated subsequent events through August 29, 2014, the date which the financial statements were available for issuance, and has determined that no additional material events occurred that would require additional disclosures in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Campus Charter School
(A division of Primary Charter Schools, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through the school district	\$ -	\$ 4,999	\$ 4,999	\$ -
State passed through the school district	913,500	884,165	884,165	-
Florida teacher lead	1,634	-	-	-
Other income	16,397	17,529	17,530	1
Total revenues	931,531	906,693	906,694	1
Expenditures				
Current:				
Basic instruction	493,321	507,775	483,117	24,658
Exceptional instruction	16,085	18,713	18,743	(30)
School administration	225,890	247,076	257,918	(10,842)
Fiscal services	11,650	11,925	11,925	-
Fund raising	-	-	2,258	(2,258)
Transportation	7,500	4,600	4,580	20
Operation of plant	136,272	132,215	132,172	43
Maintenance of plant	7,500	12,487	7,887	4,600
Fixed capital outlay	-	-	13,970	(13,970)
Debt service:				
Principal	3,884	4,875	4,863	12
Interest	389	1,220	1,211	9
2% Increase	18,631	-	-	-
Total expenditures	921,122	940,886	938,644	2,242
Excess (deficiency) of revenues over (under) expenditures	10,409	(34,193)	(31,950)	(2,241)
Other financing sources:				
Proceeds from capital lease obligation	-	9,378	9,378	-
Net change in fund balances	10,409	(24,815)	(22,572)	(2,243)
Fund balances at July 1, 2013	116,235	116,235	116,235	-
Fund balances at June 30, 2014	\$ 126,644	\$ 91,420	\$ 93,663	\$ (2,243)

See accompanying note to required supplemental information.

Campus Charter School
(A division of Primary Charter Schools, Inc.)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

For the year ended June 30, 2014

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Capital outlay revenues	<u>\$ 47,125</u>	<u>\$ 58,170</u>	<u>\$ 58,170</u>	<u>\$ -</u>
Expenditures				
Rent	<u>47,125</u>	<u>58,170</u>	<u>58,170</u>	<u>-</u>
Fund balance at July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying note to required supplemental information.

**Campus Charter School
(A division of Primary Charter Schools, Inc.)**

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2014

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the general and capital outlay funds and may be amended by the Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2014, have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

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

To the Board of Directors
Primary Charter Schools, Inc.
Port St. John, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Campus Charter School (the "School"), a division of Primary Charter Schools, Inc., (the "Charterholder") and a component unit of the School Board of Brevard County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 27, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 27, 2014
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Board of Directors
Primary Charter Schools, Inc.
Port St. John, Florida

We have audited the financial statements of Campus Charter School (the "School"), a division of Primary Charter Schools, Inc., (the "Charterholder") and a component unit of the School Board of Brevard County, Florida, as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated August 27, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 27, 2014, should be considered in conjunction with this management letter.

Additionally, our 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 auditors' report:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address finding and recommendations made in the preceding annual financial report.
- 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 our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, see our finding 2014-01 described under the section titled **Current Year Findings and Recommendations**.

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants attention of those charged with governance. In connection with our audit, we 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 school. The official title of the school is *Campus Charter School* a division of Primary Charter School, Inc., which is a not-for-profit organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes.
- Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

The School's response to our findings identified in our audit is described in the section titled Management's Response as listed in the table of contents. We did not audit the School's response and accordingly, we express no opinion on it.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

August 27, 2014
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Prior Year Findings and Recommendations

2013-1 Board governance training

Criteria: Section 1002.33(9)(j)4., Florida Statutes, and 6A-6.0784, Florida Administrative Code, requires all members of the School's governing board receive board governance training approved by the Department of Education.

Condition: During our compliance testing, it was noted two of the four governing board members training certification expired during the fiscal year.

Cause: The member did not complete the two hour required refresher course within three years of the initial training certification.

Effect: One member of the governing board was out of compliance with Florida Statutes.

Auditors' recommendation: In order to ensure the School is in compliance with Florida Statutes, we recommend that the School institute procedures to ensure that all current board members receive the required board governance training refresher course training.

Status as of June 30, 2014: Cleared

Current Year Findings and Recommendations

2014-1 Wire Transfers

Criteria: The School requires dual signature and supporting documentation for all cash/wire transfer disbursements.

Condition: During our audit testing of wire transfers, three instances of wire transfers without appropriate authorization and supporting documentation in the cash disbursement process were identified.

Cause: During the year, the controls in place allowed three wire transfers to be inadvertently moved without proper authorization and supporting documentation from the school's bank account.

Effect: Wire transfers could be initiated without authorization which would cause a misappropriation of assets.

Auditors' recommendation: We recommend all wire transfer policies be followed.



Campus Charter School

3815 Curtis Blvd.
Port St. John, FL 32927
(321) 633-8234

Trisha Leitem, Principal

August 26, 2014

Berman, Hopkins, Wright & Laham, CPAs and Associates, LLP
8035 Spyglass Hill Road
Melbourne, Florida 32940

Management Response Letter

This letter is Primary Charter School, Inc's (dba Campus Charter School) response to the recommendation and findings for the fiscal year 2014 audit.

2014-1 Wire Transfers

Campus Charter School's financial institution does require two signatures to initiate a transaction. The questioned transactions were phone transfers made at the local branch, initiated by the management company, for other entities. Due to the volume of accounts held with this financial institution, the branch member at the financial institution confused the accounts and erroneously transferred from Campus Charter School's account, instead of the requested account. The funds were replaced upon discovery. In order to ensure such an error does not occur again, the management company of the School has agreed to longer make phone transfers for any account for which they are responsible.

Respectfully,

Primary Charter School, Inc. (dba Campus Charter School)