

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING- METRO BROWARD, INC.
D/B/A FLAGLER HIGH SCHOOL
SCHOOL LOCATOR NUMBER 5032
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF BROWARD COUNTY, FLORIDA)**

*REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS*

YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

September 28, 2014

To the Board of Directors
Florida High School for Accelerated Learning-
Metro Broward, Inc.
d/b/a Flagler High School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General and Capital Projects Funds of Florida High School for Accelerated Learning- Metro Broward, Inc., d/b/a Flagler High School, (the School), (a component unit of the School Board of Broward County, Florida), as of and for the year ended June 30, 2014, and the related notes to 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 and the General and Capital Projects Funds of the School as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed further in Notes C and F, the School is dependent for all of its management and administrative support from Accelerated Learning Solutions, Inc. and its affiliates, the School's management company.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis ("MD&A") and the budgetary comparison information on pages 5 through 11 and 32, 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, which 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 regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The Statement of Expenditures- Governmental Funds on pages 38 through 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Expenditures- Governmental Funds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Statement of Expenditures- Governmental Funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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.

Horkey & Associates, P.A.

Certified Public Accountants
Plantation, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FLORIDA HIGH SCHOOL FOR ACCELERATED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

As management of Florida High School for Accelerated Learning – Metro Broward, Inc., d/b/a Flagler High School, (the “School”), (a component unit of the School Board of Broward County, Florida), we offer readers of the School’s basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2014.

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

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year’s operations.

- The net position at the School as of June 30, 2014 consisted of cash and non-current assets over accounts payable, including amount due to the management company, of \$110,449.
- The School’s total revenue, including FEFP (Florida Education Finance Program), Public Education Capital Outlay (PECO) funding federal grant programs and management company contribution, was \$2,008,845. The School’s expenses for the year ended June 30, 2014 were \$1,898,396.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Basic Financial Statements

The government-wide basic 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Government-wide Basic Financial Statements (continued)

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

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

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Basic Financial Statements

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

Governmental Funds

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Governmental Funds (continued)

The School maintains two governmental fund types, which are the General and Capital Projects Funds. Information is presented in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance for the General and Capital Projects Funds.

The General Fund is used to account for all financial resources not required to be accounted for in other funds.

The Capital Project Fund is used to account for the proceeds of revenue sources that are legally restricted for specific purposes; specifically Florida Public Education Capital Outlay Funding (PECO) and certain amounts from the local School Board allocated for Capital Outlay purposes.

The School adopts an annual budget for the General Fund. A budgetary comparison statement has been provided on page 32 for the General Fund to demonstrate compliance with the budget.

The School does not prepare an annual budget for the Capital Projects Fund. Therefore, no actual compared to budget financial statement is prepared for the Capital Projects Fund.

The governmental fund financial statements can be found on pages 15 and 16 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to the basic financial statements can be found on pages 19 through 30 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School's net position was \$110,449 at June 30, 2014 after its first year of operations.

Our analyses in the table below focus on the unrestricted net position of the School's governmental activities as follows:

STATEMENTS OF NET POSITION

	<u>June 30, 2014</u>
ASSETS:	
Current assets	\$ 279,197
Due from other agencies	41,312
Capital assets, net of depreciation	<u>122,146</u>
Total assets	<u><u>\$ 442,655</u></u>
LIABILITIES:	
Account payable	\$ <u>332,206</u>
Total liabilities	<u>332,206</u>
NET POSITION:	
Invested in capital assets - net of related debt	122,146
Unrestricted	<u>(11,697)</u>
Total net position	<u>110,449</u>
Total liabilities and net position	<u><u>\$ 442,655</u></u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Governmental Activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 14. The table below provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2014:

STATEMENTS OF ACTIVITY

	<u>FY June 30 2014</u>
REVENUES:	
Total revenues	\$ <u>2,008,845</u>
 FUNCTIONS/PROGRAM EXPENSES	
Regular instruction	497,819
Instructional support services	226,051
School board	36,725
School administration	617,626
Facilities acquisition	124,005
Pupil transportation services	86,711
Operation of plant	277,688
Maintenance of plant	<u>31,771</u>
Total governmental activities	<u>1,898,396</u>
Change in net position	\$ <u><u>110,449</u></u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

GOVERNMENTAL FUND EXPENDITURES

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

<u>Functions/Programs</u>	<u>Year Ended June 30, 2014</u>	
	<u>Expenditures</u>	<u>Percent</u>
Government expenditures:		
Regular instruction	\$ 497,819	24.6%
Instructional support services	226,051	11.2%
School administration	617,626	30.6%
Plant operations and maintenance	309,459	15.3%
Other expenditures	369,587	18.3%
Total governmental expenditures	\$ <u>2,020,542</u>	<u>100.0%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the year ended June 30, 2014 the School acquired approximately \$175,000 of capital assets with grant funds (see Note D). The remainder of the School's assets and facilities are provided by the management company that was hired to run the School (see Note C).

Debt Administration

At June 30, 2014, the School had no long term debt obligations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues were favorable to the budget by \$111,358 including a management company contribution of approximately \$362,000. FEFP was unfavorable to the budget by \$396,666 mainly due to lower enrollment than reflected in the budget. These losses were offset by higher than budgeted FEFP reimbursement rates including teachers' salary allocation, transportation, and grant funds of \$175,000.

Total expenditures were unfavorable to the budget by \$155,353 due primarily to the higher than budgeted facility costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

FEFP funding per student will increase by \$149 or 2.5% in FY 2015 as compared to FY 2014. The management agreement continues to provide for the delivery of services despite any revenue shortfalls. Enrollment will be sufficient.

These factors were considered in preparing the FY 2015 budget.

REQUESTS FOR INFORMATION

If you have any questions about this report or need additional information, please write to Accelerated Learning Solutions, Inc., 2636 Elm Hill Pike, Suite 500 Nashville, TN 37214

BASIC FINANCIAL STATEMENTS

**FLORIDA HIGH SCHOOL FOR ACCELERATED LEARNING -
METRO BROWARD, INC.
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(A COMPONENT UNIT OF THE
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STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 279,197
Due from other agencies	<u>41,312</u>
Total current assets	<u>320,509</u>
NON-CURRENT ASSETS	
Capital assets	175,113
Less accumulated depreciation	<u>(52,967)</u>
Total non-current assets	<u>122,146</u>
Total assets	<u>\$ 442,655</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ <u>332,206</u>
Total current liabilities	<u>332,206</u>
NET POSITION	
Invested in capital assets- net of related debt	122,146
Unrestricted	<u>(11,697)</u>
Total net position	<u>110,449</u>
Total liabilities and net position	<u>\$ 442,655</u>

**FLORIDA HIGH SCHOOL FOR ACCELERATED LEARNING -
METRO BROWARD, INC.
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(A COMPONENT UNIT OF THE
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STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

		Program Revenues			Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Assets	
FUNCTIONS/PROGRAMS					
Regular instruction	\$ 497,819	\$ -	\$ -	\$ (497,819)	
Instructional support services	226,051	-	-	(226,051)	
School board	36,725	-	-	(36,725)	
School administration	617,626	-	-	(617,626)	
Facilities acquisition	124,005	-	-	(124,005)	
Pupil transportation services	86,711	-	-	(86,711)	
Operation of plant	277,688	-	-	(277,688)	
Maintenance of plant	31,771	-	-	(31,771)	
Total governmental activities	\$ 1,898,396	\$ -	\$ -	\$ (1,898,396)	
GENERAL REVENUE					
Florida Education Finance Program				1,250,532	
Florida Public Education Capital Outlay				137,046	
Teachers' Salary Allocation				29,189	
Transportation				53,176	
Federal grant				175,000	
Teacher's Lead Program				1,714	
Management company contribution				362,188	
		Total general revenues		2,008,845	
		Change in net position		110,449	
Net position - beginning of year				-	
Net position - end of year				\$ 110,449	

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BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

ASSETS

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 279,197	\$ -	\$ 279,197
Due from other agencies	18	41,293	41,311
Due from other funds	<u>1,239</u>	<u>-</u>	<u>1,239</u>
 Total assets	 <u>\$ 280,454</u>	 <u>\$ 41,293</u>	 <u>\$ 321,747</u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 292,151	\$ 40,054	\$ 332,205
Due to other funds	<u>-</u>	<u>1,239</u>	<u>1,239</u>
 Total liabilities	 <u>292,151</u>	 <u>41,293</u>	 <u>333,444</u>
 FUND BALANCES			
Unassigned	<u>(11,697)</u>	<u>-</u>	<u>(11,697)</u>
 Total fund balance	 <u>(11,697)</u>	 <u>-</u>	 <u>(11,697)</u>
 Total liabilities and fund balance	 <u>\$ 280,454</u>	 <u>\$ 41,293</u>	 <u>\$ 321,747</u>

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STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES			
Florida Education Finance Program	\$ 1,250,532	\$ -	\$ 1,250,532
Florida Public Education Capital Outlay	-	137,046	137,046
Teachers' Salary Allocation	29,189	-	29,189
Transportation	53,177	-	53,177
Federal grant	175,000	-	175,000
Teachers' Lead Program	1,713	-	1,713
Management company contribution	<u>362,188</u>	<u>-</u>	<u>362,188</u>
 Total revenues	 <u>1,871,799</u>	 <u>137,046</u>	 <u>2,008,845</u>
 EXPENDITURES			
Regular instruction	497,819	-	497,819
Instructional support services	226,051	-	226,051
School board	36,725	-	36,725
School administration	617,626	-	617,626
Facilities acquisition	246,151	-	246,151
Pupil transportation services	86,711	-	86,711
Operation of plant	140,642	137,046	277,688
Maintenance of plant	<u>31,771</u>	<u>-</u>	<u>31,771</u>
 Total expenditures	 <u>1,883,496</u>	 <u>137,046</u>	 <u>2,020,542</u>
 Net change in fund balances	 <u>(11,697)</u>	 <u>-</u>	 <u>(11,697)</u>
 Fund balances - beginning of year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balances - end of year	 <u>\$ (11,697)</u>	 <u>\$ -</u>	 <u>\$ (11,697)</u>

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(A COMPONENT UNIT OF THE
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RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS IN THE BALANCE SHEET	\$ (11,697)
Reconciling items	
Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds	
Property and equipment- net of accumulated depreciation	<u>122,146</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 110,449</u></u>

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RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(11,697)
<p>Amounts reported for governmental activities in the Statement of Activities are different because</p> <p>Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures of the life of the assets</p>		
Capital asset purchases capitalized		175,113
Depreciation expense		<u>(52,967)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>110,449</u></u>

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

A) Summary of Significant Accounting Policies

Background and Organization - Florida High School for Accelerated Learning- Metro Broward, Inc., d/b/a Flagler High School, (the School), (a component unit of the School Board of Broward County, Florida) is part of the Florida system of public education under the general direction of the Florida Department of Education (FDOE). The School was incorporated as a Florida not-for-profit corporation in July 2011, and commenced operations as a charter school in July 2013. The School was granted a charter to operate a high school, including grades nine to twelve, by the School Board of Broward County, Florida (the District) in April 2013.

The School is primarily funded through the state-wide Florida Education Finance Program (FEFP) and Public Education Capital Outlay (PECO) funding received by the District and passed through to the School. FEFP is based on the number of FTE (full-time equivalent) students as reported to the FDOE. The School has also received grants from the State of Florida (federal pass through grants) to fund start up costs and initial operations.

The School had developed a philosophy of recognizing and rewarding each student as an individual. Therefore the educational program, goals and objectives, and methods of accountability toward the objectives, must be set according to the situation of each individual student.

The School has selected a self-paced, mastery based, accelerated learning program as the model to implement this philosophy. The goal of the School is to provide, for students that might not be best suited for traditional schools, a school program and educational opportunities. These students include, but are not limited to, drop-outs or those in danger of dropping out, students needing more remedial support or individual instruction than can be obtained in a traditional high school, and students with family or other situations that prevent attendance a regularly scheduled program at traditional high schools.

A Board of Directors (the Board) governs the School, and the School has retained a management company to operate the School (See Note C).

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

A) Summary of Significant Accounting Policies (continued)

Reporting Entity - The School operates under a charter granted by the District, granted In April 2013, effective July 1, 2013, and which expires in June 2018. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the expiration of the charter. During the term of the charter, the District may also immediately terminate the charter if good cause is shown or if the District believes that the health, safety or welfare of the students is threatened. In the event the School is dissolved or terminated, any public unencumbered funds and all property purchased with public funds automatically revert to the District. Because the School is fiscally dependent on and financially accountable to the District, it is considered a component unit of the School Board of Broward County, Florida.

The School had no component units itself because it has no subsidiary or fiscally dependent organizations.

Basis of Presentation Type of Entity Presented - Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Not-for-Profit Organizations and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes and not as a not-for-profit organization. The School is required by its agreement with the District to use the governmental reporting model and follow the fund and account structure provided in the “Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book” issued by FDOE.

Financial Statements Presented - The School’s basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School’s major funds). All of the School’s activities are classified as governmental activities.

Basis of Presentation - Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School as a whole. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all non-current debt and obligations. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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YEAR ENDED JUNE 30, 2014**

A) Summary of Significant Accounting Policies (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the School. For the year ended June 30, 2014, the School had no program revenue.

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

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from capital projects funds and the restrictions on their net position use.

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A) Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements - The accounts of the School are organized on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the fund financial statements in this report, into fund and account group types as follows:

Fund Accounting - Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources rather than upon the change in net position. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School's major governmental funds.

General Fund - The General Fund is used to account for all financial resources not required to be accounted for in other funds.

Capital Projects Fund – The Capital Projects Fund is used to account for the proceeds of revenue sources that are legally restricted for specific purposes; specifically Florida Public Education Capital Outlay Funding (PECO) and certain amounts from the local School Board allocated for Capital Outlay purposes.

Measurement Focus - The accounting and reporting treatment applied to the financial statements is determined by its measurement focus.

The governmental-wide financial statements use the economic resources measurement focus, which means that all assets and liabilities, whether current or non-current, are included

General and Capital Projects Funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the statements of financial position. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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

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A) Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued) -

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met.

General and Capital Projects Funds are accounted for using the modified accrual basis of accounting, under which revenues are recognized when they become both measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "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 current period is defined as 60 days. Expenditures and the related liabilities are recognized when incurred under this method of accounting.

Net Position and Fund Balances - Both the government wide financial statements and the fund financial statements divide the residual equity shown on the financial statements into categories as follows:

Government Wide Financial Statements - Net position is classified into categories as follows:

Invested in capital assets - net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position—consist of assets that are restricted by the School's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), and by grantors (both federal and state),

Unrestricted—all other net position is reported in this category, these amounts are available to fund future operations.

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A) Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued) -

Fund Financial Statements - Fund balances are classified into categories as follows:

Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All non-spendable fund balances at year end relate to assets that are in non-spendable form.

Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.

Assigned – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.

Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications. This amount indicates the portion of fund balance that is available to fund future operations.

Budgets and Budgetary Accounting - The School prepares its budgets at the function level utilizing the basis of accounting noted above. The statement of revenue, expenditures, and changes in fund balances - actual compared to budget – general fund use this budget adopted by the School. This general fund budget to actual financial statement shows certain line items significantly over budget; however because of the nature of the management contract and the current budget process, these over budget line items are not considered a violation of law and no remedial action is required.

The School does not prepare an annual budget for the Capital Projects Fund. Therefore, no actual compared to budget financial statement is prepared for the Capital Projects Fund.

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A) Summary of Significant Accounting Policies (continued)

Use of Unrestricted versus Restricted Resources - It is the School's policy to use restricted resources in the Capital Projects Funds before using unrestricted resources when both are available to pay the expenses.

Cash and Cash Equivalents - Cash and cash equivalents are either demand deposit accounts, certificates of deposit or money market accounts. For financial reporting purposes, cash and cash equivalents includes all demand deposit, savings and money market accounts, and certificates of deposits with maturities of less than 90 days from June 30, 2014.

Revenue Recognition – FEFP and PECO funding are recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. Beginning July 2010, the District may only withhold up to a 5% administrative fee for enrollment up to and including 250 students. For charter schools with a population of 251 or more students, the difference between the total administrative fee calculation on total enrollment and the amount of the administrative fee withheld may only be used for capital outlay purposes. The total funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time (FTE) student population.

Income taxes - The School is a not-for-profit corporation whose revenue is derived primarily from foundations and other governmental entities. The School received a letter from the Internal Revenue Service in July 2011 granting it tax exempt status, retroactive to inception, under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

B) Cash and Cash Equivalents

At June 30, 2014, the carrying amount of the demand deposits and cash on hand totaled \$279,197.

As State of Florida Statutes and the School's policy require, all cash and cash equivalents are held at financial institutions approved by the State Treasurer to hold public deposits in accordance with the "Florida Security for Public Deposits Act", Chapter 280 Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depository to the State Treasurer is defined by the statute. In the event of a failure of any member in the pool, the Public Deposit Security Trust Fund has a procedure whereby the remaining member institutions would be responsible for covering any resulting losses.

Since the School's deposits are held in a qualified public depository, they are covered by the collateral pool as the School had identified itself as a public entity at June 30, 2014.

These deposits are also insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

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C) Commitments, Contingencies and Related Party Transactions

Management Agreement - The School has entered into a management agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation, (the "Company") to provide for most of the School's resources and management services. The agreement commenced in April 2013, was modified in July 2013, and continues through June 2018. The agreement renews automatically for additional, successive five (5) years terms unless either party notifies the other party at least six months prior to the expiration of the then current contract period of its intention not to renew the agreement. Under the terms of the agreement, the School is charged fees equal to ninety-seven (97%) of the Schools' qualified gross revenues as defined by the agreement during the first three years of operations. During the subsequent two years, the school is charged ninety-five (95%) of the qualified gross revenues. Qualified gross revenues include various federal, state and local source revenues with certain exceptions. The qualified gross revenues do not include any federal or state awards that are a direct reimbursement of expenditures previously incurred by the School. The Company is also entitled to all grants and contributions not defined by the agreement within the terms of qualified gross revenues.

In return for the above fees the Company is responsible for providing the educational model, salaries for all personnel, costs for curriculum materials, textbooks, library books, facilities, computers and other equipment, software, supplies, maintenance and capital improvements of the School.

The contract may be terminated by the School for non-renewal of the charter with the District, and for breaches of contract terms which have not been cured within ninety days written notice at the time of the contract breach. The contract may be terminated by the Company for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the Company, material changes in federal or state funding, damages to the school facility that make School operations unfeasible, uneconomical or impractical as long as such notification comes within sixty (60) days after the occurrence that caused such situation. If the Contract is terminated by the Company after the beginning of the school year, the termination will not be effective until the end of that school year.

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C) Commitments, Contingencies and Related Party Transactions (continued)

Management Agreement (continued) -

Upon termination of the agreement, the School has the right to have all real and personal property leases related to the School assigned to and assumed by the School, as long as the lease permits assignment. The School also has the right to purchase all personal property and leasehold improvements owned by the Company and used exclusively or primarily in connection with School operations at the asset's "remaining cost basis", which shall be calculated based on the straight line method of depreciation. The useful lives assigned for this calculation are three (3) years for computers and software; five (5) years for furniture, fixtures and textbooks; and the life of the lease for buildings and leasehold improvements. There are no terms specified in the agreement for this purchase option.

Assets with an original cost of \$932,694 and a net book value of \$830,441 as of June 30, 2014 have been identified by the Company to be used exclusively or primarily in connection with School operations. Activity related to capital assets used by the School for the year ended June 30, 2014, was as follows:

	Balance- Beginning of Year	Additions	Retirements	Balance- End of Year
Leasehold Improvements	\$ 246,161	\$ 507,490	\$ -	\$ 753,651
Computers and Software	24,748	84,194	-	108,942
Furniture, Fixtures & Equipment	-	70,101	-	70,101
Total	<u>\$ 270,909</u>	<u>\$ 661,785</u>	<u>\$ -</u>	<u>\$ 932,694</u>

Activity related to accumulated depreciation for the School for the year ended June 30, 2014, was as follows:

	Balance- Beginning of Year	Additions	Retirements	Balance- End of Year
Leasehold Improvements	\$ -	\$ 71,038	\$ -	\$ 71,038
Computers and Software	-	23,903	-	23,903
Furniture, Fixtures & Equipment	-	7,312	-	7,312
Total	<u>\$ -</u>	<u>\$ 102,253</u>	<u>\$ -</u>	<u>\$ 102,253</u>

Lease Commitment - The School has entered into a five year lease for the facilities of the School. The lease calls for payments of approximately \$15,000 per month including common area maintenance. The initial term of the lease expires in July 2018 and is renewable four times for five years each. This lease is guaranteed by the Company.

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C) Commitments, Contingencies and Related Party Transactions (continued)

A summary of the future minimum lease payments under these long term leases is as follows:

<u>Years Ended June 30</u>	
2015	\$ 118,950
2016	118,950
2017	118,950
2018	118,950
2019	<u>9,913</u>
	<u>\$ 485,713</u>

Related Party Transactions – For the year ended June 30, 2014, The Company provided the School its resources and services as outlined in the Management Agreement and summarized above. Total School operating expenses exceeded revenue by approximately \$362,000 for the year ended June 30, 2014. This operating deficit was funded by the Company through an advance of approximately \$362,000 which was treated as contribution from the Company to the School. (See Note F).

Tax Years Still Open for Audit - The School, while preparing its financial statements as a governmental entity, is a not-for-profit corporation which has qualified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The School received determination letter from the Internal Revenue Service in July 2011 granting the School exempt status. As a 501(c)(3) organization, the School's tax returns for June 30, 2013 and 2012, are still subject to audit by the Internal Revenue Service.

D) Property and Equipment- Furniture, Fixtures and Equipment

In addition to the assets provided by the management company noted above, the school purchased additional fixed assets with grant funds. The School capitalizes assets in excess of \$500.

Activity related to capital assets owned by the School for the year ended June 30, 2014, was as follows:

	<u>Balance- Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance- End of Year</u>
Computers and Software	\$ -	\$ 156,690	\$ -	\$ 156,690
Furniture and Fixtures	-	<u>18,423</u>	-	<u>18,423</u>
	-	<u>175,113</u>	-	<u>175,113</u>
Less: Accumulated Depreciation	-	<u>(52,967)</u>	-	<u>(52,967)</u>
Total	<u>\$ -</u>	<u>\$ 122,146</u>	<u>\$ -</u>	<u>\$ 122,146</u>

These assets are being depreciated over 3 to 5 years using the straight line method. Depreciation expense for the year ended June 30, 2014 was \$52,967 and it was charged to facilities acquisition.

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E) Risk Financing

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, illnesses of and injuries to employees. Some of this risk is subject to limitations imposed by sovereign immunity and Florida law applicable to tort settlements.

The School has obtained insurance policies for property and general liability, boiler and machinery, flood, general umbrella, workers' compensation, bond payment, and certain employee accident and health insurance from commercial companies. Claims have not exceeded this commercial coverage since the School's inception.

It is the School's policy to report liabilities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. For the years ended June 30, 2014 and 2013, no claims meeting this definition were known to exist, nor are any incurred but not reported (IBNR) claims estimated to exist. Accordingly, no liabilities resulting from claims or uncertainties are reported in the financial statements at June 30, 2014.

F) Concentrations and Dependence on Management Company

The School owns only limited fixed assets and has no employees. Instead, the Company supplies the educational model, all employees and substantially all management services to the School. The Company owns substantially all fixed assets used by the School and controls the facility lease. In addition, The Company, researches, negotiates, arranges for and manages all purchases, including insurance, supplies etc. Substantially all of the School's accounting transactions, except for some minor local expenses, are managed and controlled by the Company through a single integrated accounting system.

In addition, since the School receives all of its administrative and management support from the Company (as discussed in Note C above), a reduction in the levels of administrative and management support would have a significant effect on the School's activities and it may not be able to continue in its present form.

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G) Local Board Disclosure

The Board of Directors retains the use of three percent of the net FEFP funding to pay local accounting, legal and other costs. A summary of the activity of the funds available to the Board is as follows:

	Amount
Balance - beginning of period	\$ -
Board funding	25,028
Expenses	<u>(36,725)</u>
Balance- end of period	\$ <u><u>(11,697)</u></u>

H) Subsequent Events

In preparing the financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 28, 2014 the date that the financial statements were available to be issued.

I) New Pronouncements

The School implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the year ended June 30, 2013. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources (presented under assets), liabilities and deferred inflows of resources (presented under liabilities). This implementation had no significant impact on these financial statements as none of the School's assets or liabilities meet the criteria established in GASB Statement 63.

In March 2012 the GASB issued a companion document to GASB Statement 63 which became effective this year. GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It also clarifies that the term deferred should be limited only to items reported as deferred outflows of resources and deferred inflow of resources. While the School does not currently have any items meeting these criteria, the implementation of this pronouncement could have material effect of the School's financial statements in the future.

J) Negative Fund Balance and Net Position

The School operated at a loss for the year ended June 30, 2014 on both the government-wide and fund accounting basis. The management agreement between the School and the Company provides that during the start up phase of the School's operations, the Company will advance properly incurred School expenses, to be repaid out of future funding.

REQUIRED SUPPLEMENTARY INFORMATION

**FLORIDA HIGH SCHOOL FOR ACCELERATED LEARNING -
METRO BROWARD, INC.
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STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL COMPARED TO BUDGET - GENERAL FUND
YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Florida Education Finance Program	\$ 1,647,198	\$ 1,250,532	\$ (396,666)
Teachers' Salary Allocation	-	29,189	29,189
Transportation	-	53,177	53,177
Federal grant	-	175,000	175,000
Teachers' Lead Program	-	1,713	1,713
Management company contribution	<u>113,243</u>	<u>362,188</u>	<u>248,945</u>
			-
Total revenues	<u>1,760,441</u>	<u>1,871,799</u>	<u>111,358</u>
			-
EXPENDITURES			
Regular instruction	516,071	497,819	18,252
Instructional support services	203,594	226,051	(22,457)
School board	52,000	36,725	15,275
School administration	626,260	617,626	8,634
Facilities acquisition	96,750	246,151	(149,401)
Pupil transportation services	38,400	86,711	(48,311)
Operation of plant	190,345	140,642	49,703
Maintenance of plant	<u>4,723</u>	<u>31,771</u>	<u>(27,048)</u>
			-
Total expenditures	<u>1,728,143</u>	<u>1,883,496</u>	<u>(155,353)</u>
			-
Net changes in fund balance before other financing sources and uses	<u>32,298</u>	<u>(11,697)</u>	<u>(43,995)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	-	-	-
Transfers out	<u>(32,298)</u>	<u>-</u>	<u>(32,298)</u>
			-
Total other financing sources and (uses)	<u>(32,298)</u>	<u>-</u>	<u>(32,298)</u>
			-
Net change in fund balances	<u>\$ -</u>	<u>\$ (11,697)</u>	<u>\$ (11,697)</u>

Note 1 - Budgets are prepared and original budgets are adopted for the certain governmental funds in accordance with procedures and time intervals prescribed by the School's Board of Directors. During the fiscal year ended June 30, 2014, the Board adopted an annual budget for the General Fund. The School is not required to submit its budget to any regulatory agency.

Note 2 – Appropriations are controlled at the fund level and may be amended at any Board meeting prior to the due date of the annual financial report. Budgets are prepared using the same modified accrual basis as is used to account for transactions.

OTHER REPORTS



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

September 28, 2014

To the Board of Directors
Florida High School for Accelerated Learning-
Metro Broward, Inc.
d/b/a Flagler High School

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 and the General and Capital Projects Funds of Florida High School for Accelerated Learning-Metro Broward, Inc., d/b/a Flagler High School, (the School), (a component unit of the School Board of Broward County, Florida), as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.



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Internal Control over Financial Reporting (continued)

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

Purpose of this Report

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

Horkey & Associates, P.A.

Certified Public Accountants
Plantation, Florida



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MANAGEMENT LETTER IN ACCORDANCE WITH RULES OF THE FLORIDA AUDITOR GENERAL

September 28, 2014

To the Board of Directors
Florida High School for Accelerated Learning-
Metro Broward, Inc.
d/b/a Flagler High School

We have audited the financial statements of the governmental activities and the General and Capital Projects Funds of Florida High School for Accelerated Learning- Metro Broward, Inc., d/b/a Flagler High School, (the School), (a component unit of the School Board of Broward County, Florida), as of and for the year ended June 30, 2014 and have issued our report thereon dated September 28, 2014.

Auditor's Responsibility

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

Other Reporting Required by Government Auditing Standards

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports that are dated September 28, 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 we 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 prior year findings since this is the first year of operations.



America Counts on CPAs

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Financial Condition

Section 10.854(1)(e)2. and 10.855(11), 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 have determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes

Sections 10.854(1)(e)6a. and 10.855(11), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

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 School is Florida High School for Accelerated Learning- Metro Broward, Inc.

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, applicable management and the School Board of Broward County and is not intended to be and should not be used by anyone other than these specified parties.

Horkey & Associates, P.A.

Certified Public Accountants
Plantation, Florida

**FLORIDA HIGH SCHOOL FOR ACCELERATED LEARNING -
METRO BROWARD, INC.
D/B/A FLAGLER HIGH SCHOOL
(A COMPONENT UNIT OF THE
SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)
STATEMENT OF EXPENDITURES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
EXPENDITURES			
Basic Instruction - Grades K-12 (5100)			
7100 - Salaries	\$ 284,254	\$ -	\$ 284,254
7220 - Payroll taxes	28,977	-	28,977
7230 - Group insurance	32,009	-	32,009
7290 - Other employee benefits	21,489	-	21,489
7330 - Travel	6,109	-	6,109
7310 - Professional and Technical Services	-	-	-
7350 - Repairs and maintenance	63,873	-	63,873
7360 - Rentals	32,153	-	32,153
7510 - Supplies	26,791	-	26,791
7520 - Textbooks	2,164	-	2,164
	<u>497,819</u>	<u>-</u>	<u>497,819</u>
Instructional Support Services (6000)			
7100 - Salaries	176,274	-	176,274
7220 - Payroll taxes	17,756	-	17,756
7230 - Group insurance	25,589	-	25,589
7290 - Other employee benefits	3,770	-	3,770
7330 - Travel	469	-	469
7390 - Other purchased services	-	-	-
7580 - Commodities	6	-	6
7790 - Miscellaneous expense	2,187	-	2,187
	<u>226,051</u>	<u>-</u>	<u>226,051</u>
Board (7100)			
7310 - Professional and technical services	36,701	-	36,701
7390 - Other purchased services	24	-	24
	<u>36,725</u>	<u>-</u>	<u>36,725</u>

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STATEMENT OF EXPENDITURES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	General Fund	Capital Projects Fund	Total
School Administration - Principal (7300)			
7100 - Salaries	200,838	-	200,838
7160 - Other support personnel	189,208	-	189,208
7220 - Payroll taxes	17,558	-	17,558
7230 - Group insurance	18,473	-	18,473
7290 - Other employee benefits	3,607	-	3,607
7310 - Professional and technical services	19,420	-	19,420
7320 - Insurance and bond premiums	20,186	-	20,186
7330 - Travel	43	-	43
7360 - Rentals	172	-	172
7370 - Communications	78	-	78
7390 - Other purchased services	40,929	-	40,929
7510 - Supplies	29,734	-	29,734
7570 - Food	2,031	-	2,031
7590 - Other materials and supplies	8,657	-	8,657
7730 - Dues and fees	1,467	-	1,467
7733 - District administrative fees	65,185	-	65,185
7790 - Miscellaneous expense	40	-	40
	<u>617,626</u>	<u>-</u>	<u>617,626</u>
Facilities Acquisition (7400)			
7360 - Rentals	71,038	-	71,038
7641 - Capitalized fixed assets	175,113	-	175,113
	<u>246,151</u>	<u>-</u>	<u>246,151</u>
Pupil Transportation Services (7800)			
7310 - Professional and technical services	-	-	-
7390 - Other purchased services	86,711	-	86,711
	<u>86,711</u>	<u>-</u>	<u>86,711</u>

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STATEMENT OF EXPENDITURES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Operation of Plant (7900)			
7350 - Repairs and maintenance	7,162	-	7,162
7360 - Rentals	41,860	137,046	178,906
7370 - Communications	59,115	-	59,115
7380 - Public utility services other than energy	1,768	-	1,768
7390 - Other purchased services	3,137	-	3,137
7430 - Electricity	21,683	-	21,683
7510 - Supplies	5,057	-	5,057
7700 - Property tax	860	-	860
	<u>140,642</u>	<u>137,046</u>	<u>277,688</u>
Maintenance of Plant (8100)			
7350 - Repairs and maintenance	16,274	-	16,274
7390 - Other purchased services	11,503	-	11,503
7510 - Supplies	3,994	-	3,994
	<u>31,771</u>	<u>-</u>	<u>31,771</u>
Total expenditures	<u>\$ 1,883,496</u>	<u>\$ 137,046</u>	<u>\$ 2,020,542</u>