

**FLORIDA HIGH SCHOOL FOR ACCELERATED  
LEARNING - NORTH BROWARD COUNTY CAMPUS, INC.  
D/B/A NORTH UNIVERSITY HIGH SCHOOL  
SCHOOL LOCATOR NUMBER 5341  
(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-  
North Broward County Campus, Inc.  
d/b/a North University 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- North Broward County Campus, Inc., d/b/a North University 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.



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**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 E, 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 30, 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 41 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 – North Broward County Campus, Inc., d/b/a North University 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 \$106,906.
- The School’s total revenue, including FEFP (Florida Education Finance Program) Public Education Capital Outlay (PECO) funding and federal grant programs was \$2,644,825. The School’s expenses for the year ended June 30, 2014 were \$2,612,765.

#### 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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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 3 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 basic financial statements can be found on pages 17 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 \$106,906 at June 30, 2014 and \$74,846 at June 30, 2013.

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>	<u>June 30, 2013</u>
<b>ASSETS:</b>		
Current assets	\$ 387,344	\$ 376,515
Due from other agencies	<u>26,219</u>	<u>9,414</u>
Total assets	<u>\$ 413,563</u>	<u>\$ 385,929</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ <u>306,657</u>	\$ <u>311,083</u>
Total liabilities	<u>306,657</u>	<u>311,083</u>
<b>NET POSITION</b>		
Unrestricted	<u>106,906</u>	<u>74,846</u>
Total net position	<u>106,906</u>	<u>74,846</u>
Total liabilities and net position	<u>\$ 413,563</u>	<u>\$ 385,929</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 years ended June 30, 2014 and 2013:

STATEMENTS OF ACTIVITY

	<u>FY June 30, 2014</u>	<u>FY June 30, 2013</u>
<b>REVENUES:</b>		
Total revenues	\$ <u>2,644,825</u>	\$ <u>2,649,795</u>
 <b>FUNCTIONS/PROGRAM EXPENSES</b>		
Regular instruction	651,361	609,407
Instruction support services	256,393	236,880
School board	43,854	54,494
School administration	1,046,989	1,114,164
Facilities acquisition	2,381	12,632
Pupil transportation services	162,490	125,202
Operation of plant	445,494	422,717
Maintenance of plant	<u>3,803</u>	<u>68,635</u>
Total governmental activities	<u>2,612,765</u>	<u>2,644,131</u>
Change in net position	\$ <u><u>32,060</u></u>	\$ <u><u>5,664</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:

Functions/Programs	Year Ended June 30, 2014		Year Ended June 30, 2013	
	Expenditures	Percent	Expenditures	Percent
Government expenditures:				
Regular instruction	\$ 651,361	24.9%	\$ 609,407	23.2%
Instructional support services	256,393	9.8%	236,880	9.0%
School administration	1,046,989	40.1%	1,102,711	41.9%
Plant operations and maintenance	449,297	17.2%	491,352	18.7%
Other expenditures	208,725	8.0%	191,230	7.3%
Total governmental expenditures	<u>\$ 2,612,765</u>	<u>100.0%</u>	<u>\$ 2,631,580</u>	<u>100.0%</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, the School's capital assets were fully depreciated. 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 unfavorable to the budget by \$266,432. FEFP was unfavorable to the budget by \$274,081 mainly due lower enrollment than the budget

Total expenditures were favorable to the budget by \$256,941 due primarily to the lower than budgeted management fee incurred.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

FEFP funding per student will increase by \$315 or 5% in FY 2014 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 2014 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 -  
NORTH BROWARD COUNTY CAMPUS, INC.  
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STATEMENT OF NET POSITION  
JUNE 30, 2014**

**ASSETS**

		Governmental Activities
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$	387,344
Due from other agencies		26,219
Total assets	\$	413,563

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$	306,657
Total current liabilities		306,657
<b>NET POSITION</b>		
Unrestricted		106,906
Total net position		106,906
Total liabilities and net position	\$	413,563

**FLORIDA HIGH SCHOOL FOR ACCELERATED LEARNING -  
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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 position
<b>FUNCTIONS/PROGRAMS</b>					
Regular instruction	\$ 651,361	\$ -	\$ -	\$ -	\$ (651,361)
Instructional support services	256,393	-	-	-	(256,393)
School board	43,854	-	-	-	(43,854)
School administration	1,046,989	-	-	-	(1,046,989)
Facilities acquisition	2,381	-	-	-	(2,381)
Pupil transportation services	162,490	-	-	-	(162,490)
Operation of plant	445,494	-	-	-	(445,494)
Maintenance of plant	3,803	-	-	-	(3,803)
Total governmental activities	\$ 2,612,765	\$ -	\$ -	\$ -	\$ (2,612,765)
<b>GENERAL REVENUE</b>					
Florida Education Finance Program					2,222,975
Florida Public Education Capital Outlay					249,260
Teacher's Salary Allocation					52,503
Transportation					77,220
Teachers' Lead Program					2,284
E-Rate grant					37,997
Other revenue					2,586
					Total general revenues
					2,644,825
					Change in net position
					32,060
Net position - beginning of year					74,846
Net position - end of year					\$ 106,906



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BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

**ASSETS**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 346,709	\$ 40,635	\$ 387,344
Due from other agencies	<u>83</u>	<u>26,136</u>	<u>26,219</u>
Total assets	<u>\$ 346,792</u>	<u>\$ 66,771</u>	<u>\$ 413,563</u>

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>			
Accounts payable	\$ <u>239,886</u>	\$ <u>66,771</u>	\$ <u>306,657</u>
Total liabilities	<u>239,886</u>	<u>66,771</u>	<u>306,657</u>
<b>FUND BALANCES</b>			
Unassigned	<u>106,906</u>	<u>-</u>	<u>106,906</u>
Total fund balance	<u>106,906</u>	<u>-</u>	<u>106,906</u>
Total liabilities and fund balance	<u>\$ 346,792</u>	<u>\$ 66,771</u>	<u>\$ 413,563</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>
<b>REVENUES</b>			
Florida Education Finance Program	\$ 2,222,975	\$ -	\$ 2,222,975
Florida Public Education Capital Outlay	-	249,260	249,260
Teacher's Salary Allocation	52,503	-	52,503
Transportation	77,220	-	77,220
Teachers' Lead Program	2,284	-	2,284
E-Rate grant	37,997	-	37,997
Other operating revenue	2,586	-	2,586
	<u>2,395,565</u>	<u>249,260</u>	<u>2,644,825</u>
Total revenues			
<b>EXPENDITURES</b>			
Regular instruction	651,361	-	651,361
Instructional support services	256,393	-	256,393
School board	43,854	-	43,854
School administration	1,030,224	16,765	1,046,989
Facilities acquisition	2,381	-	2,381
Pupil transportation services	162,490	-	162,490
Operation of plant	170,339	275,155	445,494
Maintenance of plant	3,803	-	3,803
	<u>2,320,845</u>	<u>291,920</u>	<u>2,612,765</u>
Total expenditures			
Net changes in fund balance before other financing sources and uses	<u>74,720</u>	<u>(42,660)</u>	<u>32,060</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers in	-	42,660	42,660
Transfers out	(42,660)	-	(42,660)
	<u>(42,660)</u>	<u>42,660</u>	<u>-</u>
Total other financing sources and (uses)			
Net change in fund balances	<u>32,060</u>	<u>-</u>	<u>32,060</u>
Fund balances - beginning of year	<u>74,846</u>	<u>-</u>	<u>74,846</u>
Fund balances - end of year	<u>\$ 106,906</u>	<u>\$ -</u>	<u>\$ 106,906</u>

The accompanying notes are an integral part of these financial statements

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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- North Broward County Campus, Inc., d/b/a North University 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 January 2008, and commenced operations as a charter school in August 2008. 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 May 2008.

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) and a private foundation 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. The original charter was effective until June 30, 2013, and may be renewed in increments of five years by mutual written agreement between the School and the District. In April 2013 the School's charter was renewed by the District for five years. 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.

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**A) Summary of Significant Accounting Policies (continued)**

**Basis of Presentation - Government-wide Financial Statements** – The government-wide 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.

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 results 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 2009 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 \$387,344.

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 upon its execution and continued through June 2013. The management agreement was renewed for another five year term and revised in August 2013. 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 for services of one hundred percent (100%) of all grants used for start up expenses and ninety-seven (97%) of the Schools' qualified gross revenues as defined by the agreement. Under the terms of the agreement, beginning on August 1, 2014, the School will be charged 95% of qualified gross revenues for the duration of the agreement.. 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 the lease term for buildings and leasehold improvements. There are no payment terms specified in the agreement for this purchase option.

Assets with an original cost of \$2,899,639 and a net book value of \$2,090,008 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:

	<u>Balance- Beginning of Year</u>	<u>Additions</u>	<u>Retirements &amp; Transfers</u>	<u>Balance- End of Year</u>
Leasehold Improvements	\$2,592,891	\$ 20,621	\$ -	\$2,613,512
Computers and Software	144,749	-	-	144,749
Furniture, Fixtures & Equipment	<u>126,282</u>	<u>32,950</u>	<u>(17,854)</u>	<u>141,378</u>
Total	<u>\$2,863,922</u>	<u>\$ 53,571</u>	<u>\$ (17,854)</u>	<u>\$2,899,639</u>

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

	<u>Balance- Beginning of Year</u>	<u>Additions</u>	<u>Retirements &amp; Transfers</u>	<u>Balance- End of Year</u>
Leasehold Improvements	\$ 388,181	\$ 174,869	\$ -	\$ 563,050
Computers and Software	136,614	3,270	-	139,884
Furniture, Fixtures & Equipment	<u>110,632</u>	<u>13,221</u>	<u>(17,156)</u>	<u>106,697</u>
Total	<u>\$ 635,427</u>	<u>\$ 191,360</u>	<u>\$ (17,156)</u>	<u>\$ 809,631</u>

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

**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. The amount charged by the Company is \$2,464,052, representing the 97% management fee, and is comprised of identifiable direct functional expenses of \$1,989,548, indirect allocated management company expenses of \$189,208 and a management fee of \$285,296. The management fee and the allocated management company expenses are included in School Administration in the financial statements.

The School leased its building from the Company on a month to month basis for \$25,000 per month from July 2010 through March 2011, plus an allocation of certain capital costs of \$9,000 per month. In March 2011, the Company completed a sale leaseback of the building with an unaffiliated third party. The new rent charge is \$21,400 per month. The total related party rent expense for the year ended June 30, 2014 was \$256,980. In addition, the lease also calls for the School to pay any property taxes assessed.

**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. As a 501(c)(3) organization, the School's tax returns for June 30, 2013, 2012, and 2011 are still subject to audit by the Internal Revenue Service.

**D) 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 exceed 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, 2013 and 2012, 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.

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YEAR ENDED JUNE 30, 2014**

**E) 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 all administrative support and 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.

**F) 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:

		<u>Amount</u>
Balance - beginning of period	\$	74,846
Board funding- 3%		75,914
Expenses		<u>(43,854)</u>
Balance - end of period	\$	<u><u>106,906</u></u>

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YEAR ENDED JUNE 30, 2014**

**G) Grant Funding**

The School reports its share \$37,997 of rebates on telecommunications purchases as federal and state grant program funding. Payments are received in consort with other schools managed by the Company from the Schools and Libraries portion of the United Services Fund authorized by the Telecommunications Act of 1996 (E-Rate).

**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.

REQUIRED SUPPLEMENTARY INFORMATION

**FLORIDA HIGH SCHOOL FOR ACCELERATED LEARNING -  
NORTH BROWARD COUNTY CAMPUS, INC.  
D/B/A NORTH UNIVERSITY HIGH SCHOOL  
(A COMPONENT UNIT OF THE  
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STATEMENT OF REVENUES, EXPENDITURES  
ACTUAL COMPARED TO BUDGET - GENERAL FUND  
YEAR ENDED JUNE 30, 2014**

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
<b>REVENUES</b>			
Florida Education Finance Program	\$ 2,546,997	\$ 2,222,975	\$ (324,022)
Teacher's Salary Allocation	-	52,503	52,503
Transportation	75,000	77,220	2,220
Teachers' Lead Program	-	2,284	2,284
E-Rate grant	40,000	37,997	(2,003)
Other operating revenue	-	2,586	2,586
	<u>2,661,997</u>	<u>2,395,565</u>	<u>(266,432)</u>
<b>EXPENDITURES</b>			
Regular instruction	676,888	651,361	25,527
Instructional support services	197,468	256,393	(58,925)
School board	47,500	43,854	3,646
School administration	1,343,574	1,030,224	313,350
Facilities acquisition	-	2,381	(2,381)
Pupil transportation services	130,734	162,490	(31,756)
Operation of plant	178,829	170,339	8,490
Maintenance of plant	2,793	3,803	(1,010)
	<u>2,577,786</u>	<u>2,320,845</u>	<u>256,941</u>
Net changes in fund balance before other financing sources and uses	<u>84,211</u>	<u>74,720</u>	<u>(9,491)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(49,941)</u>	<u>(42,660)</u>	<u>7,281</u>
Total other financing sources and (uses)	<u>(49,941)</u>	<u>(42,660)</u>	<u>7,281</u>
Net changes in fund balance	<u>\$ 34,270</u>	<u>\$ 32,060</u>	<u>\$ (9,491)</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-  
North Broward County Campus, Inc.  
d/b/a North University 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-North Broward County Campus, Inc., d/b/a North University 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.

**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. 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. In our previous audit we identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we considered to be significant deficiencies (See Finding IC 2013-01 on the Schedule of Finding and Reponses on page 38). That finding is considered resolved.

**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-  
North Broward County Campus, Inc.  
d/b/a North University 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- North Broward County Campus, Inc., d/b/a North University 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. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit report.

**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- North Broward County Campus, 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- NORTH BROWARD COUNTY CAMPUS, INC.  
D/B/A NORTH UNIVERSITY HIGH SCHOOL  
(A COMPONENT UNIT OF THE  
SCHOOL BOARD OF BROWARD COUNTY, FLORIDA)  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2014**

**IC 2013-01 – Financial Statements**

Condition – Certain accounts and transactions were not classified correctly in the financial statements. These errors were not caught until the year-end audit.

The accounting system for the School involves two parties: the Management Company and the Board Accountant (a local accountant engaged directly by the Charter School's Board of Directors).

The Board Accountant provides oversight responsibilities to the Charter School Board for the financial records of the Charter School.

The Management Company prepares a monthly financial information package to the Board Accountant which includes the following:

- a) An invoice for fees based on the management agreement.
- b) A reconciliation of the School's bank account.
- c) A schedule of expenses incurred during the month such as payroll, rent, supplies and various other expenditures
- d) A reconciliation of the FEFP revenue worksheet received by the school from the District to cash deposits received by the School. This information includes any discrepancies between the enrollment numbers presented by the District with enrollments calculated internally by the Management Company.

In its oversight capacity, the Board Accountant reviews the data including the bank reconciliation and adds any other additional entries to reflect activity by function. This can include but not limited to items such as:

- 1) School accounting and legal fees not paid by the Management Company.
- 2) Revenue entries based on the FEFP worksheets.
- 3) Fixed assets and related depreciation for assets purchased and titled directly by the School such as grant items, etc.
- 4) Any other items or adjustments needed to record activity in the government wide or and fund financial statements.

The Board Accountant compiles the above information in accordance with Governmental Accounting Standards ("GASB") and the "Red Book" chart of accounts required by Florida Statutes on a monthly and annual basis. This information is then submitted by the Board Accountant to the District and the Charter School Board.

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SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2014**

**IC 2013-01 – Financial Statements (continued)**

Recommendation - We recommend that both the Management Company and the Board accountant more thoroughly review the information produced by the other side to prevent these errors in the future. In addition, we recommend that the Board Accountant prepare budget to actual and current month to prior month analyses to minimize the chances of reoccurrence.

Board Accountant Response – The Board Accountant agrees with the recommendations of the auditor and will put monthly processes and controls in place in order to mitigate possible errors as a result of incorrect classifications. In addition, the Board Accountant will increase communications with the Management Company in order to proactively address any other issue that arises during the course of the year.

Specifically, the Board Accountant will add the following procedures to its monthly processes:

- 1) Reconcile the current month schedule of expenses received from the Management company with the prior month schedule of expenses to isolate any changes for further investigation.
- 2) Prepare month and year to date budget to actual financial statements
- 3) Prepare comparative month to prior month and prior year analyses.
- 4) Verify grouping and nature with Management company of any new accounts that require entry into the trial balance.

Management Company Response – We concur with the findings and recommendations of the auditor and the Board Accountant's response. In addition, during the current year, the Management Company provided to the Board Accountant and a "Service Organization Control (SOC 1) Report" for the period ending July 1, 2012 to March 31, 2013. This report was signed by the Management Company's Independent Service Auditor on August 14, 2013 and reports on the internal controls over the Management Company's financial system, tests performed on those controls, and the results achieved. We will continue to provide this report in subsequent years.

We also would like to recommend to the Charter School Board to require the Board Accountant be a licensed Certified Public Accountant (CPA) in good standing in the state of Florida. In addition, the Board Accountant should be required to participate in 24 hours of continuing professional education recognized by the American Institute of Certified Public Accountants (AICPA) in "governmental auditing and accounting" every two years.

Additional Auditor Comment - Management and the Board implemented our recommendations during the year ended June 30, 2014. In addition, during the year ended June 30, 2014 the Board retained a new board accountant. This accountant has extensive experience with schools managed and operated by the Company. This finding is considered resolved.

**FLORIDA HIGH SCHOOL FOR ACCELERATED  
LEARNING- NORTH BROWARD COUNTY CAMPUS, INC.  
D/B/A NORTH UNIVERSITY 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>
<b>EXPENDITURES</b>			
Basic Instruction - Grades K-12 (5100)			
100 - Salaries	\$ 445,403	\$ -	\$ 445,403
220 - Payroll taxes	39,237	-	39,237
230 - Group insurance	38,993	-	38,993
290 - Other employee benefits	11,732	-	11,732
330 - Travel	832	-	832
350 - Repairs and maintenance	67,126	-	67,126
360 - Rentals	21,052	-	21,052
390 - Other purchased services	509	-	509
510 - Supplies	21,368	-	21,368
520 - Textbooks	497	-	497
590 - Other Materials and Supplies	4,612	-	4,612
	<u>651,361</u>	<u>-</u>	<u>651,361</u>
Instructional Support Services (6000)			
100 - Salaries	211,419	-	211,419
220 - Payroll taxes	16,161	-	16,161
230 - Group insurance	17,257	-	17,257
290 - Other employee benefits	(2,624)	-	(2,624)
310 - Professional and technical services	297	-	297
580 - Commodities	11,621	-	11,621
790 - Miscellaneous Expense	2,263	-	2,263
	<u>256,393</u>	<u>-</u>	<u>256,393</u>



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D/B/A NORTH UNIVERSITY 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>
<b>Board (7100)</b>			
310 - Professional and technical services	39,326	-	39,326
320 - Insurance and bond premiums	4,504	-	4,504
390 - Other purchased services	24	-	24
	<u>43,854</u>	<u>-</u>	<u>43,854</u>
<b>School Administration - Principal (7300)</b>			
100 - Salaries	200,555	-	200,555
160 - Other Support Personnel	189,208	-	189,208
220 - Payroll taxes	17,107	-	17,107
230 - Group insurance	14,289	-	14,289
290 - Other employee benefits	8,121	-	8,121
310 - Professional and technical services	20,279	-	20,279
320 - Insurance and bond premiums	-	16,765	16,765
330 - Travel	9,735	-	9,735
390 - Other purchased services	478,300	-	478,300
510 - Supplies	14,925	-	14,925
570 - Food	3,581	-	3,581
730 - Dues and fees	1,774	-	1,774
733 - District administrative fees	72,350	-	72,350
	<u>1,030,224</u>	<u>16,765</u>	<u>1,046,989</u>
<b>Facilities Acquisition (7400)</b>			
360 - Rentals	2,381	-	2,381
	<u>2,381</u>	<u>-</u>	<u>2,381</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>
Pupil Transportation Services (7800)			
390 - Other purchased services	162,490	-	162,490
	<u>162,490</u>	<u>-</u>	<u>162,490</u>
Operation of Plant (7900)			
330 - Travel	-	-	-
350 - Repairs and maintenance	17,443	18,356	35,799
360 - Rentals	1,650	256,800	258,450
370 - Communications	93,507	-	93,507
380 - Public utility services other than energy	7,842	-	7,842
390 - Other purchased services	19,412	-	19,412
430 - Electricity	26,315	-	26,315
510 - Supplies	4,127	-	4,127
700 - Property taxes	42	-	42
	<u>170,338</u>	<u>275,156</u>	<u>445,494</u>
Maintenance of Plant (8100)			
510 - Supplies	3,803	-	3,803
	<u>3,803</u>	<u>-</u>	<u>3,803</u>
Total expenditures	\$ <u>2,320,845</u>	\$ <u>291,920</u>	\$ <u>2,612,765</u>