
RIVIERA BEACH MARITIME ACADEMY, CORP.

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

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

RIVIERA BEACH MARITIME ACADEMY, CORP.

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INDEPENDENT AUDITOR'S REPORT

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

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

Management's responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

In my opinion, the financial statements referred to above and the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-All Governmental Fund Types present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Academy as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 6, 2014 on my consideration of the Academy's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Other Matters

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

Mark EscOFFEY, P.A.

Palm Beach Gardens, Florida
September 6, 2014

RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Our discussion and analysis of Riviera Beach Maritime Academy, Corp.'s ("the Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2014.

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

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

NON FINANCIAL HIGHLIGHTS

The Academy's daily enrollment for fiscal year ended June 30, 2014 was 190 students. This was approximately the same as budgeted. The Academy expects to have an enrollment of 200 students for the academic year 2014-2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

**RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

OVERVIEW TO FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$104,486 at June 30, 2014.

<u>NET ASSETS</u>	<u>JUNE 30, 2014</u>	<u>JUNE 30, 2013</u>
Current & Other Assets	\$ 82,329	\$ 115,921
Capital Assets	72,227	90,999
Total Assets	\$ 154,556	\$ 206,920
Other Liabilities	50,070	139,621
Total Other Liabilities	\$ 50,070	\$ 139,621
Investment in Capital Assets	72,227	\$ 90,999
Unrestricted	32,259	(23,700)
Total Net Position	\$ 104,486	\$ 67,299

Revenues from governmental activities totaled \$1,355,951 for the year ended June 30, 2014. Revenue from Florida Education Finance Program (FEFP) represented approximately 85.6% of total governmental revenue.

**RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/14</u>	<u>% of Total 6/30/14</u>	<u>6/30/13</u>	<u>% of Total 6/30/13</u>
State Sources	\$ 1,333,546	84.9	\$ 1,258,468	85.3
Local Sources	213,887	13.6	186,717	12.7
Federal Sources	22,405	1.5	29,129	2.0
Total	\$ 1,569,838	100.0	\$ 1,474,314	100.0

Local revenue sources are primarily donations received from Viking Yacht Company and this amounted to \$161,500.

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

<u>Expense</u>	<u>6/30/14</u>	<u>% of Total 6/30/14</u>	<u>6/30/13</u>	<u>% of Total 6/30/13</u>
Instruction	\$ 679,790	44.4	\$ 598,725	40.9
Pupil Personnel Services	63,002	4.1	39,760	2.7
Curriculum Development	1,287	.1	4,595	.3
Instructional Staff Training	2,872	.2	5,540	.4
Instructional Related				
Technology	64,110	4.2	79,584	5.4
Board	27,456	1.8	25,987	1.8
General Administration	58,341	3.8	58,978	4.0
School Administration	170,459	11.1	171,313	11.5
Facilities Acquisition	67,900	4.4	78,321	5.3
Fiscal Services	26,248	1.7	24,352	1.7
Food Services	2,377	.2	-	-
Central Services	55,223	3.6	45,711	3.2
Pupil Transportation	167,131	10.9	174,081	11.9
Operation of Plant	97,895	6.4	105,890	7.2
Maintenance of Plant	14,538	.9	11,092	.8
Administrative Technology	6,027	.4	4,036	.3
Depreciation & Amortization	27,995	1.8	37,662	2.6
Total	\$ 1,532,651	100.0	\$ 1,465,627	100.0

BUDGETARY HIGHLIGHTS

State and Federal revenues were approximately the same as budgeted.

Actual expenses were less than budget by \$25,126 primarily because Curriculum Development costs were \$19,867 less than budgeted.

Total fund balance of the General Fund was \$32,259 at June 30, 2014.

RIVIERA BEACH MARITIME ACADEMY, CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2014

CAPITAL ASSETS

The Academy’s investment in capital assets at June 30, 2014, was \$72,227 (net of depreciation and amortization). The investment includes building and leasehold improvements, furniture, fixtures and equipment, organizational costs and computer software. The following is a summary of capital assets balances at June 30, 2014:

Building and Leasehold Improvements	\$ 95,493
Furniture, Fixtures & Equipment	364,564
Organizational Costs	99,978
Computer Software	43,615
	<hr/>
	603,650
Less Accumulated Depreciation and Amortization	531,423
Total Capital Assets	<hr/> \$ 72,227 <hr/>

PROSPECTS FOR THE FUTURE

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

- The Academy should meet its budgeted amount of 200 students for the 2014-2015 academic year.
- The Administration believes that the Academy will continue to progress and contribute to the educational needs of Palm Beach County.
- The Academy expects to regain their “A” rating from the Florida Department of Education for the 2014-2015 academic year.

REQUESTS FOR INFORMATION

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

RIVIERA BEACH MARITIME ACADEMY, CORP.

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

	<u>Governmental Funds</u>
ASSETS	
Cash	\$33,861
Grant Receivable	35,553
Prepayments	12,915
Total Assets	<u><u>\$82,329</u></u>
LIABILITIES	
Accounts Payable	\$13,344
Compensated absences payable	<u>36,726</u>
Total Liabilities	<u><u>50,070</u></u>
FUND BALANCE	
Nonspendable	12,915
Unassigned	<u>19,344</u>
	<u><u>32,259</u></u>
Total Liabilities and Fund Balance	<u><u>\$82,329</u></u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
STATEMENT OF NET POSITION
June 30, 2014

ASSETS	Account Number	Governmental Activities	Business-type Activities	Total
Cash	1110	\$33,861		\$33,861
Investments	1160			
Taxes Receivable, net	1120			
Accounts Receivable, net	1130	35,553		35,553
Interest Receivable	1170			
Due from Reinsurer	1180			
Deposits Receivable	1210			
Due from Other Agencies	1220			
Internal Balances				
Inventory	1150			
Prepaid Expenses	1230	12,915		12,915
Restricted assets:				
Cash with Fiscal Agent	1114			
Capital assets:				
Land	1310			
Land Improvements - Non-depreciable	1315			
Improvements Other Than Buildings	1320			
Less Accumulated Depreciation	1329			
Buildings and Fixed Equipment	1330	95,493		95,493
Less Accumulated Depreciation	1339	(40,469)		(40,469)
Furniture, Fixtures and Equipment	1340	364,564		364,564
Less Accumulated Depreciation	1349	(351,958)		(351,958)
Motor Vehicles	1350			
Less Accumulated Depreciation	1359			
Construction in Progress	1360			
Property Under Capital Leases	1370			
Less Accumulated Depreciation	1379			
Audio Visual Materials	1381	1,389		1,389
Less Accumulated Depreciation	1388	(787)		(787)
Computer Software	1382	42,226		42,226
Less Accumulated Amortization	1389	(38,231)		(38,231)
Organizational Costs		99,977		99,977
Less Accumulated Amortization		(99,977)		(99,977)
Total assets	Total assets	\$154,556		\$154,556
LIABILITIES AND NET ASSETS				
LIABILITIES				
Salaries and Wages Payable	2110			
Payroll Deductions and Withholdings	2170	2,000		2,000
Accounts Payable	2120	11,344		11,344
Construction Contracts Payable	2140			
Due to Fiscal Agent	2240			
Accrued Interest on Sale of Bonds	2210			
Deposits Payable	2220			
Due to Other Agencies	2230			
Sales Tax Payable	2260			
Estimated Unpaid Claims	2271			
Estimated Liability for Claims Adjustment	2272			
Estimated Liability for Arbitrage Rebate	2280			
Noncurrent liabilities:				
Portion due within one year:				
Section 237.151 Notes Payable	2250			
Notes Payable	2310			
Bonds Payable	2320			
Obligations Under Capital Leases	2315			
Liability for Compensated Absences	2330	36,726		36,726
Certificates of Participation Payable	2340			
Estimated Liability for Long-Term Claims	2350			
Estimated PECO Advance Payable	2370			
Deferred Revenue	2410			
Portion due after one year:				
Notes Payable	2310			
Bonds Payable	2320			
Obligations Under Capital Leases	2315			
Liability for Compensated Absences	2330			
Certificates of Participation Payable	2340			
Estimated Liability for Long-Term Claims	2350			
Estimated PECO Advance Payable	2370			
Deferred Revenue	2410			
Total liabilities		50,070		50,070
NET POSITION				
Invested in Capital Assets, Net of Related Debt		72,227		72,227
Restricted for:				
Categorical Carryover Programs	2710			
Debt Service	2750			
Capital Projects				
Other Purposes				
Unrestricted(Deficit)		32,259		32,259
Total Net Position		\$104,486		\$104,486

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.

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

Fund Balance- Governmental Funds \$32,259

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

Governmental capital assets	\$603,650	
Less accumulated depreciation and amortization	<u>(531,423)</u>	
		72,227

Net Position of Governmental activities \$104,486

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2014

	Governmental <u>Funds</u>	Special <u>Revenue</u>	<u>Total</u>
EXPENSES			
Instruction	657,385	22,405	\$679,790
Pupil Personnel	63,002		63,002
Curriculum Development	1,287		1,287
Instructional Staff Training	2,872		2,872
Instructional Related Technology	64,110		64,110
Board Services	27,456		27,456
General Administration	58,341		58,341
School Administration	170,459		170,459
Facilities Acquisition	67,900		67,900
Fiscal Services	26,248		26,248
Central Services	55,223		55,223
Food service	2,377		2,377
Pupil Transportation	167,131		167,131
Operation of Plant	97,895		97,895
Maintenance of Plant	14,538		14,538
Administration Technology	6,027		6,027
Capital Outlay	9,223		9,223
TOTAL EXPENSES	<u>1,491,474</u>	<u>22,405</u>	<u>1,513,879</u>
PROGRAM REVENUES			
Florida Education Finance Program (FEFP)	1,164,329		1,164,329
Capital grants and contributions	118,950		118,950
Total program revenues	<u>1,283,279</u>		<u>1,283,279</u>
GENERAL REVENUES:			
Other federal sources		22,405	22,405
Other state sources	50,267		50,267
Other local sources	213,887		213,887
Total general revenues	<u>264,154</u>	<u>22,405</u>	<u>286,559</u>
Excess of Expenses over revenues	55,959	-	55,959
Fund Balance, Beginning of Year	(23,700)		(23,700)
Fund Balance, End of Year	<u>\$32,259</u>	<u>\$ -</u>	<u>\$32,259</u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
STATEMENT OF ACTIVITIES
June 30, 2014

FUNCTIONS	Account Number	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction	5000	\$ 679,790		\$ 70,812		\$ (608,978)		(608,978)
Pupil Personnel Services	6100	63,002				(63,002)		(63,002)
Instructional Media Services	6200							
Instruction and Curriculum Development Services	6300	1,287				(1,287)		(1,287)
Instructional Staff Training Services	6400	2,872				(2,872)		(2,872)
Instructional Related technology	6500	64,110				(64,110)		(64,110)
Board	7100	27,456				(27,456)		(27,456)
General Administration	7200	58,341				(58,341)		(58,341)
School Administration	7300	170,459				(170,459)		(170,459)
Facilities Acquisition and Construction	7400	67,900			118,950	51,050		51,050
Fiscal Services	7500	26,248				(26,248)		(26,248)
Food Services	7600	2,377				(2,377)		(2,377)
Central Services	7700	55,223				(55,223)		(55,223)
Pupil Transportation Services	7800	167,131				(167,131)		(167,131)
Operation of Plant	7900	97,895				(97,895)		(97,895)
Maintenance of Plant	8100	14,538				(14,538)		(14,538)
Administrative Technology	8200	6,027				(6,027)		(6,027)
Interest on Long-term Debt	9200							
Unallocated Depreciation Expense *		27,995				(27,995)		(27,995)
Amortization								
Total governmental activities		1,532,651		70,812	118,950	(1,342,889)		(1,342,889)
Business-type activities:								
Total business-type activities								
Totals		1,532,651		70,812	118,950	(1,342,889)		(1,342,889)

General Revenues:

Taxes:

Florida Education Finance Program (FEFP)

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Special items

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position-beginning

Net position-ending

	1,166,189		1,166,189
	213,887		213,887
	1,380,076		1,380,076
	37,187		37,187
	67,299		67,299
	\$104,486		\$104,486

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

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.

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

Net Changes in Fund Balances- Governmental Funds \$55,959

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

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

Expenditures for capital assets	\$9,223	
Less current year depreciation and amortization	<u>(27,995)</u>	
		(\$18,771)

Change in Net Position of Governmental Activities	<u><u>\$37,187</u></u>
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The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2014

	Governmental Funds			Special Revenue			TOTAL		
	Original and Final			Original and Final			Final		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
EXPENDITURES:									
Instruction	\$662,727	\$657,385	(\$5,342)	\$30,057	\$22,405	(7,652)	\$692,784	\$679,790	(\$12,994)
Pupil Personnel	44,438	63,002	18,564				44,438	63,002	18,564
Curriculum Development	21,154	1,287					21,154	1,287	(19,867)
Instructional staff training	4,866	2,872	(1,994)				4,866	2,872	(1,994)
Instructional related Technology	62,476	64,110	1,634				62,476	64,110	1,634
Board Services	31,470	27,456	(4,014)				31,470	27,456	(4,014)
General Administration	58,359	58,341					58,359	58,341	(18)
School Administration	173,128	170,459	(2,669)				173,128	170,459	(2,669)
Facilities Acquisition	76,000	67,900	(8,100)				76,000	67,900	(8,100)
Fiscal Services	26,840	26,248	(592)				26,840	26,248	(592)
Food services	600	2,377	1,777				600	2,377	1,777
Central Services	40,760	55,223	14,463				40,760	55,223	14,463
Pupil Transportation	171,200	167,131	(4,069)				171,200	167,131	(4,069)
Operation of Plant	105,420	97,895	(7,525)				105,420	97,895	(7,525)
Maintenance of Plant	23,410	14,538	(8,872)				23,410	14,538	(8,872)
Administrative technology	6,100	6,027	(73)				6,100	6,027	(73)
Capital Outlay		9,223	9,223					9,223	9,223
	<u>1,508,948</u>	<u>1,491,474</u>	<u>2,411</u>	<u>30,057</u>	<u>22,405</u>	<u>(7,652)</u>	<u>1,539,005</u>	<u>1,513,879</u>	<u>-25,126</u>

The accompanying notes are an integral part of this statement

RIVIERA BEACH MARITIME ACADEMY, CORP.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types (Continued)
Year Ended June 30, 2014

	Governmental Funds			Special Revenue			TOTAL		
	Original and Final		Variance	Original and Final		Variance	Original and Final		Variance
	Budget	Actual		Budget	Actual		Budget	Actual	
PROGRAM REVENUES:									
Florida Education Finance Program	\$1,169,043	\$1,166,189	(\$2,854)				\$1,169,043	\$1,166,189	(\$2,854)
Capital grants and contributions	99,210	118,950	19,740				99,210	118,950	19,740
	<u>1,268,253</u>	<u>1,285,139</u>	<u>16,886</u>				<u>1,268,253</u>	<u>1,285,139</u>	<u>16,886</u>
GENERAL REVENUES:									
Other federal sources				30,057	22,405	(7,652)	30,057	22,405	(7,652)
Other state sources	48,945	48,407					48,945	48,407	(538)
Other local sources	191,750	213,887	22,137				191,750	213,887	22,137
	<u>240,695</u>	<u>262,294</u>	<u>22,137</u>	<u>30,057</u>	<u>22,405</u>	<u>(7,652)</u>	<u>270,752</u>	<u>284,699</u>	<u>13,947</u>
Excess of Revenues over									
Expenditures	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$5,707</u>
Net change in fund balance		55,959						55,959	
Fund Balance, Beginning of Year		<u>(23,700)</u>						<u>(23,700)</u>	
Fund Balance, End of year		<u>\$32,259</u>						<u>\$32,259</u>	

The accompanying notes are an integral part of this statement

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

The Contract was renewed and is effective through June 2014. The Academy has submitted an application to the Palm Beach County School District to renew the Charter for fifteen years. The School District has granted the Academy a three month extension to October 1, 2014 while the application is being reviewed. The Contract requires the School District to provide the Academy’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the Academy.

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

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

Basic Financial Statements

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014

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

Basic Financial Statements (Cont'd.)

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

Fund Financial Statements

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

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

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

Basis of Accounting

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

Accrual

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014

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

Measurement Focus

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

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

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

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

Use of Estimates

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

Concentration of Credit Risk

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

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

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014

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

Fair Value Measurements

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

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

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

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

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

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

Contributed Services

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

Budgetary Basis of Accounting

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Organizational costs have been capitalized and reported at historical costs, and are amortized. Other costs incurred for repairs and maintenance are expensed as incurred.

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014

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

Capital Assets (Cont'd.)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

Revenue Sources

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

Fund Balance Classifications

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

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

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

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

**RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014**

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

Fund Balance Classifications (Cont'd.)

- d) **Assigned** fund balance includes amounts intended to be used by the Academy's Management for specific purposes but which does not meet the criteria to be classified as restricted or committed. There were no assigned fund balances at year end.
- e) **Unassigned** fund balance includes amounts that are available for any purpose. These amounts are reported only in the general fund. There was an unassigned fund balance at year end.

Order of Fund Balance Spending Policy

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

Compensated Absences

Employees of the Academy are entitled to paid vacation, sick days and other time off depending on job classification and length of service. A liability for compensated absences attributable to services already rendered, and not contingent on a specific event that is outside the control of the Academy or employee, is accrued. The balance for compensated absences at June 30 2014, was \$36,726.

NOTE 2 – CAPITAL ASSETS

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

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Ending</u>
Building & Leasehold Improvements	\$ 95,493	\$ -	\$ -	\$ 95,493
Furniture, Fixtures and Equipment	356,730	9,223	-	365,953
Organizational Costs	99,978	-	-	99,978
Computer Software	42,226	-	-	42,226
	<u>\$ 594,427</u>	<u>\$ 9,223</u>	<u>\$ -</u>	<u>\$ 603,650</u>
Less Accumulated Depreciation	392,158	27,995	-	420,153
Less Accumulated Amortization	111,270	-	-	111,270
NET CAPITAL ASSETS	<u>\$ 90,999</u>	<u>\$ (18,772)</u>	<u>\$ -</u>	<u>\$ 72,227</u>

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 – CAPITAL ASSETS (Cont'd.)

Depreciation and Amortization expenses of \$27,995 were unallocated during the year ended June 30, 2014.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

Funding Policy

Under the System, the Academy was required to contribute, effective July 1, 2013, 9.95 % of the salary of all eligible employees. The required contribution by the Academy to the System for the fiscal year ended June 30, 2014 was \$32,525.

NOTE 4 – RELATED PARTY TRANSACTIONS

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

The Academy occupies its facilities under an operating lease with a sponsor and main supporter. Annual rental expenses for the year ended June 30, 2014 was \$67,900.

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

June 30,			
	2015	\$	67,900
	2016		67,900
	2017		67,900
	2018		67,900
	2019		67,900
		<u>\$</u>	<u>339,500</u>

RIVIERA BEACH MARITIME ACADEMY, CORP.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Risk Management

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

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

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events that occurred subsequent to the year end for potential recognition or disclosure in the financial statements, through the date on which the financial statements were available to be issued. The date when the financial statements were available to be issued was September 6, 2014.

Mark Escoffery, P.A.

Certified Public Accountant

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

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

I have audited the financial statements of Riviera Beach Maritime Academy, Corp. ("the Academy") (a nonprofit organization) as of and for the year ended June 30, 2014, and have issued my report thereon dated September 6, 2014. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

Mark EscOFFER, P.A.

Palm Beach Gardens, Florida
September 6, 2014

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of Riviera Beach Maritime Academy, Corp., Florida, ("the Academy") as of and for the fiscal year ended June 30, 2014, and have issued my report thereon dated September 6, 2014.

Auditor's Responsibility

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

Other Reporting Required by *Government Auditing Standards*

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Report on Internal Control over Compliance. Disclosures in those reports, which are dated September 6, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that I apply appropriate procedures to determine whether or not the Riviera Beach Maritime Academy Corp. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Riviera Beach Maritime Academy did not meet any of the conditions described in Section 218.503(1).

MANAGEMENT LETTER
(Continued)

Financial Condition (Cont'd.)

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

Transparency

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

Other Matters

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

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

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Riviera Beach Maritime Academy, Corp.

Purpose of this Letter

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



Mark Escoffery, P.A.
September 6, 2014