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BOCA RATON CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT

&

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2015

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

**BOCA RATON CHARTER SCHOOL, INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Boca Raton Charter School, Inc. ("the School") (a nonprofit organization) as of and for the year ended June 30, 2015 which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

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

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

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

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

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

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

To the Board Members of  
Boca Raton Charter School, Inc.  
Boca Raton, Florida  
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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 School as of June 30, 2015, 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 August 31, 2015, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

***Other Matters***

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

*Mark Escoffey, P.A.*

Palm Beach Gardens, Florida  
August 31, 2015

**BOCA RATON CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

Our discussion and analysis of Boca Raton Charter School's ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2015.

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

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

**NON FINANCIAL HIGHLIGHTS**

The School had 100 students enrolled for the school year 2014-2015. It has budgeted for 105 students for the school year 2015-2016.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

***Government-wide Financial Statements***

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

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

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

***Fund Financial Statements***

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

**BOCA RATON CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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

*Fund Financial Statements (Cont'd.)*

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

*Notes to the Financial Statements*

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 15-21 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$381,357 at June 30, 2015.

**NET ASSETS**

|                              | <u><b>JUNE 30 2015</b></u> | <u><b>JUNE 30, 2014</b></u> |
|------------------------------|----------------------------|-----------------------------|
| Current and other Assets     | \$ 424,240                 | \$ 569,499                  |
| Capital Assets               | 10,526                     | 19,878                      |
| Total Assets                 | <u>\$ 434,766</u>          | <u>\$ 589,377</u>           |
| <br>                         |                            |                             |
| Other Liabilities            | \$ 53,409                  | \$ 48,690                   |
| Total Liabilities            | <u>\$ 53,409</u>           | <u>\$ 48,690</u>            |
| <br>                         |                            |                             |
| Investment in Capital Assets | \$ 10,526                  | \$ 19,878                   |
| Unrestricted                 | 370,831                    | 520,809                     |
| Total Net Position           | <u>\$ 381,357</u>          | <u>\$ 540,687</u>           |

Revenues from governmental activities totaled \$727,583 for the year ended June 30, 2015. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 93.4% of total revenue.

**BOCA RATON CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

| <u>Revenue Source</u> |                   | <u>% of<br/>Total<br/>6/30/15</u> |                   | <u>% of<br/>Total<br/>6/30/14</u> |
|-----------------------|-------------------|-----------------------------------|-------------------|-----------------------------------|
| State Sources         | \$ 720,412        | 87.7                              | \$ 727,111        | 84.6                              |
| Local Sources         | 94,109            | 11.5                              | 125,226           | 14.6                              |
| Federal Sources       | 7,171             | .8                                | 7,133             | .8                                |
| <b>Total</b>          | <u>\$ 821,692</u> | <u>100.0</u>                      | <u>\$ 859,470</u> | <u>100.0</u>                      |

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

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

| <u>EXPENSE</u>               |                   | <u>% of<br/>Total<br/>6/30/15</u> |                     | <u>% of<br/>Total<br/>6/30/14</u> |
|------------------------------|-------------------|-----------------------------------|---------------------|-----------------------------------|
| Instruction                  | \$ 468,248        | 47.7                              | \$ 424,070          | 41.4                              |
| Instructional Staff Training | -                 | -                                 | 260                 | -                                 |
| Inst. Curriculum Dev.        | 2,510             | .3                                | 1,822               | .2                                |
| Board Services               | 49,306            | 5.0                               | 47,266              | 4.6                               |
| School Administration        | 141,976           | 14.5                              | 151,592             | 14.8                              |
| Fiscal Services              | 9,684             | 1.0                               | 9,788               | 1.0                               |
| General Administration       | 33,816            | 3.4                               | 34,202              | 3.3                               |
| Facilities Acquisition       | 225,103           | 22.9                              | 306,855             | 29.9                              |
| Operation of Plant           | 13,352            | 1.4                               | 18,393              | 1.7                               |
| Maintenance of Plant         | 27,675            | 2.8                               | 21,332              | 2.1                               |
| Depreciation                 | 9,351             | 1.0                               | 9,351               | 1.0                               |
| <b>TOTAL</b>                 | <u>\$ 981,021</u> | <u>100.0</u>                      | <u>\$ 1,024,931</u> | <u>100.0</u>                      |

**BUDGETARY HIGHLIGHTS**

There was a \$20,809 difference between budgeted Federal and State and actual revenue for the year ended June 30, 2015 because of lower enrollment.

Local revenue sources were approximately \$32,000 less than budgeted because of lower enrollment in the Voluntary Pre Kindergarten (VPK) Program.

Overall actual expenses were \$105,895 more than budgeted, primarily because there was no budget for \$33,816 in the School District Admin fee. Instruction costs increased by \$36,164 primarily because of group insurance rates. Also legal fees pertaining to the lease and building acquisition was \$25,000 more than budgeted.

Total fund balance of the General Fund was \$370,831 at June 30, 2015.

**BOCA RATON CHARTER SCHOOL, INC.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

**CAPITAL ASSETS**

The School’s investment in capital assets at June 30, 2015 was \$10,526 (net of depreciation). The investment includes furniture, fixtures, and equipment. The following is a summary of capital assets balances at June 30, 2015:

|                                   |                         |
|-----------------------------------|-------------------------|
| Furniture, Fixtures and Equipment | \$ 93,512               |
| Less Accumulated Depreciation     | <u>82,986</u>           |
|                                   | <u><u>\$ 10,526</u></u> |

**PROSPECTS FOR THE FUTURE**

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

- Administration believes that the School will maintain its “A” rating from the Department of Education, based on test scores and academic achievement.
- The Administration believes that high test scores will to be achieved because of investment in reading and math computer based programs.
- The School should surpass its budgeted amount of 105 students for the 2015-2016 School Year.
- The Administration believes that the School will progress and contribute to the educational requirements of Palm Beach County.

**REQUESTS FOR INFORMATION**

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



**BOCA RATON CHARTER SCHOOL, INC.**

**Governmental Fund (General Fund) Balance Sheet  
June 30, 2015**

|   | <u>Governmental<br/>Funds</u> |
|---|-------------------------------|
| <b>ASSETS</b>                             |                               |
| Cash                                      | \$286,485                     |
| Accounts Receivable                       | 2,276                         |
| Deposits                                  | 123,929                       |
| Prepayments                               | 11,550                        |
| <b>Total Assets</b>                       | <u><u>\$424,240</u></u>       |
| <b>LIABILITIES</b>                        |                               |
| Accrued salaries payable                  | 48,409                        |
| Accounts Payable                          | 5,000                         |
| <b>Total Liabilities</b>                  | <u><u>53,409</u></u>          |
| <b>FUND BALANCE</b>                       |                               |
| Nonspendable                              | 11,550                        |
| Unassigned                                | 359,281                       |
|   | <u><u>370,831</u></u>         |
| <b>Total Liabilities and Fund Balance</b> | <u><u>\$424,240</u></u>       |

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**STATEMENT OF NET POSITION**  
**For the Year ended June 30, 2015**

|   | Account<br>Number | Primary Government         |                             |                |
|---|-------------------|----------------------------|-----------------------------|----------------|
|   |                   | Governmental<br>Activities | Business-type<br>Activities | Total          |
| <b>ASSETS</b>                                   |                   |                            |                             |                |
| Cash and Cash Equivalents                       | 1110              | 286,485                    |                             | 286,485        |
| Accounts Receivable, Net                        | 1130              | 2,276                      |                             | 2,276          |
| <b>Restricted Assets:</b>                       |                   |                            |                             |                |
| Cash with Fiscal Agent                          | 1114              |                            |                             |                |
| Deposits receivable                             | 1210              | 123,929                    |                             | 123,929        |
| <b>Deferred Charges:</b>                        |                   |                            |                             |                |
| Prepaid Items                                   | 1230              | 11,550                     |                             | 11,550         |
| Issuance Costs                                  |                   |                            |                             |                |
| <b>Capital Assets:</b>                          |                   |                            |                             |                |
| Improvements other than Buildings               | 1320              |                            |                             |                |
| Less Accumulated Depreciation                   | 1329              |                            |                             |                |
| Furniture, Fixtures and equipment               | 1340              | 93,512                     |                             | 93,512         |
| Less Accumulated Depreciation                   | 1349              | (82,986)                   |                             | (82,986)       |
| Motor Vehicles                                  | 1350              |                            |                             |                |
| Less Accumulated Depreciation                   | 1359              |                            |                             |                |
| Computer Software                               | 1382              |                            |                             |                |
| Less Accumulated Depreciation                   | 1389              |                            |                             |                |
| <b>Total Assets</b>                             |                   | <b>434,766</b>             |                             | <b>434,766</b> |
| <b>LIABILITIES</b>                              |                   |                            |                             |                |
| Salaries and Wages Payable                      | 2110              | 48,409                     |                             | 48,409         |
| Payroll Deductions and Withholdings             | 2170              |                            |                             |                |
| Accounts Payable                                | 2120              | 5,000                      |                             | 5,000          |
| <b>Noncurrent Liabilities:</b>                  |                   |                            |                             |                |
| Portion Due Within One Year:                    |                   |                            |                             |                |
| Bonds Payable                                   | 2320              |                            |                             |                |
| Liability for Compensated Absences              | 2330              |                            |                             |                |
| <b>Total Liabilities</b>                        |                   | <b>53,409</b>              |                             | <b>53,409</b>  |
| <b>NET POSITION</b>                             |                   |                            |                             |                |
| Invested in Capital Assets, Net of Related Debt |                   | 10,526                     |                             | 10,526         |
| <b>Restricted For:</b>                          |                   |                            |                             |                |
| Categorical Carryover Programs                  | 2710              |                            |                             |                |
| Debt Service                                    | 2750              |                            |                             |                |
| Unrestricted                                    |                   | 370,831                    |                             | 370,831        |
| <b>Total Net Position</b>                       |                   | <b>381,357</b>             |                             | <b>381,357</b> |

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**

**Reconciliation of the Governmental Fund (General Fund)  
Balance Sheet To The Statement of Net Position  
June 30, 2015**

Fund Balance- Governmental Funds \$370,831

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

|                               |                 |        |
|-------------------------------|-----------------|--------|
| Governmental capital assets   | \$93,512        |        |
| Less accumulated depreciation | <u>(82,986)</u> |        |
|                               |                 | 10,526 |

Net Position of Governmental activities \$381,357

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**Statement of Governmental Fund (General Fund) Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2015**

|  | <u>Governmental</u><br><u>Funds</u> | <u>Special</u><br><u>Revenue</u> | <u>Total</u>     |
|--|-------------------------------------|----------------------------------|------------------|
| <b>EXPENSES</b>                          |                                     |                                  |                  |
| Instruction                              | \$461,077                           | \$7,171                          | \$468,248        |
| Curriculum Development                   | 2,510                               |                                  | 2,510            |
| Board Services                           | 49,306                              |                                  | 49,306           |
| General Administration                   | 33,816                              |                                  | 33,816           |
| School Administration                    | 141,976                             |                                  | 141,976          |
| Fiscal Services                          | 9,684                               |                                  | 9,684            |
| Facilities Acquisition                   | 225,103                             |                                  | 225,103          |
| Operation of Plant                       | 13,352                              |                                  | 13,352           |
| Maintenance of Plant                     | 27,675                              |                                  | 27,675           |
| Capital outlay                           |                                     |                                  |                  |
| <b>TOTAL EXPENSES</b>                    | <u>964,499</u>                      | <u>7,171</u>                     | <u>971,670</u>   |
| <b>PROGRAM REVENUES</b>                  |                                     |                                  |                  |
| Florida Education Finance Program (FEFP) | 679,517                             |                                  | 679,517          |
| Capital grants and contributions         | 29,122                              |                                  | 29,122           |
| Charges for services                     | 70,803                              |                                  | 70,803           |
| <b>Total program revenues</b>            | <u>779,442</u>                      |                                  | <u>779,442</u>   |
| <b>GENERAL REVENUES:</b>                 |                                     |                                  |                  |
| Other federal sources                    |                                     | 7,171                            | 7,171            |
| Other state sources                      | 11,773                              |                                  | 11,773           |
| Other local sources                      | 23,306                              |                                  | 23,306           |
| <b>Total general revenues</b>            | <u>35,079</u>                       | <u>7,171</u>                     | <u>42,250</u>    |
| <b>Excess of Revenues over expenses</b>  | (149,978)                           |                                  | (149,978)        |
| <b>Fund Balance, Beginning of Year</b>   | <u>520,809</u>                      |                                  | <u>520,809</u>   |
| <b>Fund Balance, End of Year</b>         | <u>\$370,831</u>                    | <u>\$ -</u>                      | <u>\$370,831</u> |

The accompanying notes are an integral part of this statement



**BOCA RATON CHARTER SCHOOL, INC.**

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances  
of Governmental Fund (General Fund) To The  
Statement of Activities  
June 30, 2015**

Net Changes in Fund Balances- Governmental Funds (\$149,978)

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

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

|   |                |                           |
|---|----------------|---------------------------|
| Expenditures for capital assets                 |                |                           |
| Less current year depreciation                  | <u>(9,351)</u> |                           |
|   |                | <u>(9,351)</u>            |
| Change in Net Assets of Governmental Activities |                | <u><u>(\$159,330)</u></u> |

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**Year Ended June 30, 2015**

|                                   | Governmental Funds              |                |                 | Special Revenue                 |              |                | TOTAL                           |                |                 |
|-----------------------------------|---------------------------------|----------------|-----------------|---------------------------------|--------------|----------------|---------------------------------|----------------|-----------------|
|                                   | Original<br>and Final<br>Budget | Actual         | Variance        | Original<br>and Final<br>Budget | Actual       | Variance       | Original<br>and Final<br>Budget | Actual         | Variance        |
| <b>EXPENDITURES:</b>              |                                 |                |                 |                                 |              |                |                                 |                |                 |
| Instruction                       | 423,584                         | \$461,077      | \$37,493        | \$8,500                         | \$7,171      | (\$1,329)      | \$432,084                       | \$468,248      | \$36,164        |
| Ins. and Curriculum Dev.          | 2,300                           | 2,510          | 210             |                                 |              |                | 2,300                           | 2,510          | 210             |
| Board Services                    | 24,200                          | 49,306         | 25,106          |                                 |              |                | 24,200                          | 49,306         | 25,106          |
| General Administration            |                                 | 33,816         | 33,816          |                                 |              |                |                                 | 33,816         | 33,816          |
| School Administration             | 138,801                         | 141,976        | 3,175           |                                 |              |                | 138,801                         | 141,976        | 3,175           |
| Fiscal Services                   | 10,600                          | 9,684          | (916)           |                                 |              |                | 10,600                          | 9,684          | (916)           |
| Facilities Acquisition            | 218,200                         | 225,103        | 6,903           |                                 |              |                | 218,200                         | 225,103        | 6,903           |
| Operation of Plant                | 18,200                          | 13,352         | (4,848)         |                                 |              |                | 18,200                          | 13,352         | (4,848)         |
| Maintenance of Plant              | 21,300                          | 27,675         | 6,375           |                                 |              |                | 21,300                          | 27,675         | 6,375           |
| Capital Outlay                    |                                 |                |                 |                                 |              |                |                                 |                |                 |
| Reserve                           |                                 |                |                 |                                 |              |                |                                 |                |                 |
|                                   | <u>857,185</u>                  | <u>964,499</u> | <u>107,314</u>  | <u>8,500</u>                    | <u>7,171</u> | <u>(1,329)</u> | <u>865,685</u>                  | <u>971,670</u> | <u>105,985</u>  |
| <b>PROGRAM REVENUES:</b>          |                                 |                |                 |                                 |              |                |                                 |                |                 |
| Florida Education Finance Program | 700,326                         | 679,517        | (20,809)        |                                 |              |                | 700,326                         | 679,517        | (20,809)        |
| Capital grants and contributions  | 29,220                          | 29,122         | (98)            |                                 |              |                | 29,220                          | 29,122         | (98)            |
| Charges for services              | 105,000                         | 70,802         | (34,198)        |                                 |              |                | 105,000                         | 70,802         | (34,198)        |
|                                   | <u>834,546</u>                  | <u>779,441</u> | <u>(55,105)</u> |                                 |              |                | <u>834,546</u>                  | <u>779,441</u> | <u>(55,105)</u> |

The accompanying notes are an integral part of this statement

**BOCA RATON CHARTER SCHOOL, INC.**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance-Budget (GAAP Basis) and Actual**  
**All Governmental Fund Types**  
**Year Ended June 30, 2015 (Continued)**

|  | Governmental Funds              |                  |                  | Special Revenue                 |              |                | TOTAL                           |                  |                    |
|--|---------------------------------|------------------|------------------|---------------------------------|--------------|----------------|---------------------------------|------------------|--------------------|
|  | Original<br>and Final<br>Budget | Actual           | Variance         | Original<br>and Final<br>Budget | Actual       | Variance       | Original<br>and Final<br>Budget | Actual           | Variance           |
| <b>GENERAL REVENUES:</b>               |                                 |                  |                  |                                 |              |                |                                 |                  |                    |
| Other federal sources                  |                                 |                  |                  | 8,500                           | 7,171        | (1,329)        | 8,500                           | 7,171            | (1,329)            |
| Other state sources                    | 1,300                           | 11,773           | 10,473           |                                 |              |                | 1,300                           | 11,773           | 10,473             |
| Other local sources                    | 25,400                          | 23,306           | (2,094)          |                                 |              |                | 25,400                          | 23,306           | (2,094)            |
|  | <u>26,700</u>                   | <u>35,079</u>    | <u>8,379</u>     | <u>8,500</u>                    | <u>7,171</u> | <u>(1,329)</u> | <u>35,200</u>                   | <u>42,250</u>    | <u>7,050</u>       |
| Excess of Expenditures over Revenues   | <u>\$ 4,061</u>                 | <u>(149,979)</u> | <u>(154,040)</u> | <u>\$ -</u>                     | <u>\$ -</u>  | <u>\$ -</u>    | <u>\$ 4,061</u>                 | <u>(149,979)</u> | <u>(\$154,040)</u> |
| <b>Fund Balance, Beginning of Year</b> |                                 | 520,809          |                  |                                 |              |                |                                 | 520,809          |                    |
| <b>Fund Balance, End of year</b>       |                                 | <u>\$370,831</u> |                  |                                 | <u>\$ -</u>  |                |                                 | <u>\$370,831</u> |                    |

The accompanying notes are an integral part of this statement



**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED JUNE 30, 2015**

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

**Reporting Entity**

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

The School operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the School District of Palm Beach County, Florida. Under the Contract the School provides an elementary education to children who reside in Palm Beach County in and around the City of Boca Raton. For financial statement purposes the School is not considered a component unit of the School District of Palm Beach County which is a primary government entity for financial reporting.

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

The Contract was renewed and is effective through June 30, 2020. The Contract requires the School District to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

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

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

**Basic Financial Statements**

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

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

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

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants column reflects capital-specific grants.

**Fund Financial Statements**

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

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

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

**Basis of Accounting**

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

**Accrual**

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

**Measurement Focus**

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

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

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

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

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

**Use of Estimates**

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

**Concentration of Credit Risk**

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The school has not experienced any losses on such balances.

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

**Contributed Services and Facilities**

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

**Budgetary Basis of Accounting**

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Capital Assets**

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

|   |            |
|---|------------|
| Furniture, Fixtures and Computer<br>Equipment | 5-10 Years |
|---|------------|

**Revenue Sources**

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

**Fund Balance Classifications**

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

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

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

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

**Order of Fund Spending Policy**

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

**NOTE 2 - FAIR VALUE MEASUREMENTS**

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

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

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

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

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

**BOCA RATON CHARTER SCHOOL, INC.  
NOTES TO FINNCIAL STATEMENTS (Cont'd.)  
FOR THE YEAR ENDED JUNE 30 2015**

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

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

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2015 were as follows:

|                                    | Balance<br><u>Beginning</u> | <u>Additions</u>  | <u>Disposals</u> | Balance<br><u>Ending</u> |
|------------------------------------|-----------------------------|-------------------|------------------|--------------------------|
| Furniture, Fixtures &<br>Equipment | \$ 93,512                   | \$ -              | \$ -             | \$ 93,512                |
|                                    | 93,512                      | -                 | -                | 93,512                   |
| Less Accumulated<br>Depreciation   | 73,635                      | 9,351             | -                | 82,986                   |
| <b>NET CAPITAL ASSETS</b>          | <u>\$ 19,877</u>            | <u>\$ (9,351)</u> | <u>\$ -</u>      | <u>\$ 10,526</u>         |

Depreciation expense of \$9,351 was unallocated during the year ended June 30, 2015.

**NOTE 4 – COMPENSATED ABSENCES**

Employees of the School are entitled to paid vacation and sick days depending on length of services. The School's policy is to recognize the cost of vacation days when earned by the employees. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

**NOTE 5 – YACHT TRANSACTIONS**

The School is involved in a donation program with a third party company that secures donated boats to not-for-profit organizations as a means of fundraising. The School has a written agreement with the third party company to act as its agent and to handle the entire boat donation program including execution of various documentation that are required to be filed with certain taxing authorities. When the vessels are sold or leased the School receives a donation. The School had one donated boat during the year ended June 30, 2015. These donated vessels have not been recorded on the books of the School because there is no objective way to measure the value of the transaction or of the donation the School will receive when the boats are sold or leased. Even though the School has title to the boats, they have little or no control over the proceeds of sale and thus no ability to determine what revenue will be generated. The School received \$7,500 from boat donations during the year ended June 30, 2015.

**BOCA RATON CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Cont'd.)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

**Lease Agreement**

The School leases its facilities annually with options to renew for additional one year terms. Annual rental expenses for the year ended June 30, 2015, were \$225,103. Future minimum lease payments under this lease, assuming the lease will be renewed for additional terms, are as follows:

|               |                     |
|---------------|---------------------|
| June 30, 2016 | \$ 226,000          |
| June 30, 2017 | 233,000             |
| June 30, 2018 | 240,000             |
| June 30, 2019 | 247,000             |
| June 30, 2020 | 254,000             |
|               | <u>\$ 1,200,000</u> |

**Risk Management**

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

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted to the State due to errors in their FTE count would not be material to the financial position of the School.

**NOTE 7– 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 August 31, 2015.

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

I have audited the financial statements of Boca Raton Charter School, Inc. ("the School") (a nonprofit organization) as of and for the year ended June 30, 2015, and have issued my report thereon dated August 31, 2015. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

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

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

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



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

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

**Compliance and Other Matters**

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

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

*Mark Escoffey, P.A.*

Palm Beach Gardens, Florida  
August 31, 2015

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

## ***Certified Public Accountant***

8645 N. Military Trail  
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### **MANAGEMENT LETTER**

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

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

I have audited the financial statements of the Boca Raton Charter School, Inc., Florida, ("the School) as of and for the fiscal year ended June 30, 2015, and have issued my report thereon dated August 31, 2015.

#### **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 Chapter 10.580, Rules of the Auditor General.

#### **Other Reports and Schedules**

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*.

#### **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.

#### **Official Title**

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

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

**Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, require that I report the results of my determination as to whether or not the Boca Raton Charter School, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Boca Raton Charter School, Inc. did not meet any of the conditions described in Section 218.503(1).

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

**Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that I report the results of my determination as to whether the Boca Raton Charter School, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with my audit, I determined that the Boca Raton Charter School, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

**Other Matters**

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

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

**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, applicable management, and The School District of Palm Beach County and is not intended to be and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.  
Palm Beach Gardens, Florida  
August 31, 2015

*Mark Escoffery, P.A.*