



COMMUNITY CHARTER SCHOOL OF  
**EXCELLENCE**  
RESPECT • READINESS • RESPONSIBILITY • Expect Excellence™

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2016**

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
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**JUNE 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Charter School of Excellence, Inc.  
a Charter School and Component Unit of  
the School District of Hillsborough County  
Tampa, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough

County, Florida, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 24–25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 26, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



Tampa, Florida  
September 26, 2016

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

Our discussion and analysis of Community Charter School of Excellence, Inc., a Component Unit and Charter School of the School District of Hillsborough County, Florida, (the “School”) financial program provides an overview of the School’s financial and non-financial activities for the year ended June 30, 2016. In addition, the discussion and analysis will also provide the following information:

- How the basic financial statements relate to each other and the significant differences of information they provide.
- A comparative analysis of current and prior year financial information to provide reasons for significant changes that significantly affected current year operations.
- An analysis of fund financial information and a review of significant changes in fund balances.
- An analysis of significant variations between original and final budgeted amounts and actual results of operations.
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on the School’s prospects for the future.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:**

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic 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 assets and liabilities using the accrual method of accounting.

The Statement of Net Position presents information on all of the School’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may be an indicator of improving or deteriorating financial conditions.

The Statement of Activities presents information about the change in net position and results of operations during the most recent fiscal year. All results of operations, changes in net position, and results of operations 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. The School uses fund accounting to demonstrate compliance with finance related legal requirements and

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

prudent fiscal management. Fund financial statements provide more detailed information about financial activities focusing on its most significant funds. The School has reported fund balance in classifications which clarifies the presentation of fund balance, a key indicator of interperiod equity.

**Notes to the Basic Financial Statements**

The notes to the basic 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 14-23 of this report.

**Government-Wide Financial Analysis:**

As noted earlier, net position may over time serve as a useful indicator of the School's financial position when the current and prior years are compared.

	Net Position	
	2016	2015
Current and other assets	\$ 111,652	\$ 51,646
Capital assets, net of accumulated depreciation	27,413	36,239
Total assets	139,065	87,885
Current liabilities	50,667	37,375
Net assets:		
Invested in capital assets	27,413	36,239
Restricted	-	-
Unrestricted	60,985	14,271
Total net position	\$ 88,398	\$ 50,510

The School's net position has increased due to terminating its management agreement with a management company and fiscal responsibility.

At the beginning of the fiscal year the School acquired the assets, liabilities, and student census from a related charter school, Community Charter Middle School of Excellence, Inc. (CCMSE). At that time the School entered into a new five year charter agreement with the District which terminates June 30, 2021.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

Revenues for governmental activities totaled \$1,636,428 for the year ended June 30, 2016. The main source of revenue was from the Florida Education Finance Program (“FEFP”)

FEFP revenue of \$1,065,414 represented approximately 65% of total revenue for the 2016 fiscal year.

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal sources		
Title I funding	\$ 80,298	5%
National School Lunch Program	133,278	8%
State sources	1,341,606	82%
Local sources	81,246	5%
Total	<u>\$ 1,636,428</u>	<u>100%</u>

Revenue increased during the year by \$763,811, primarily due to an increase of students due to the acquisition of CCMSE, resulting in an increase of reimbursement from the National School Lunch Program of approximately \$62,921, an increase of \$623,429 from the District, an increase in Title I funding of approximately \$27,248, and other revenue increased \$50,213.

Expenditures increased during the year by \$792,087 due to acquiring students from CCMSE. The increase in expenses were due to higher instruction costs of \$407,717, higher food service costs of \$56,020, rent and operation of plant increased by \$149,760, additions in administrative expenses of \$78,314, District administrative fee increased \$30,101, fiscal services increased \$25,894, community services increased \$22,944, capital outlay and an increase in other expenses totaling \$21,337.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

	<u>Changes in Net Position</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 213,576	\$ 123,407
Capital grants and contributions	-	-
Charges for service	-	4,319
General revenues:		
Unrestricted grants and contributions	1,422,852	744,891
Total revenues	<u>1,636,428</u>	<u>872,617</u>
Program expenses:		
Instruction	790,569	380,831
Student personnel services	20,933	10,899
Technology services	1,479	2,355
Food services	143,591	87,571
School administration	155,927	77,613
Central services	12,952	2,345
Operation of plant	170,194	94,198
Maintenance of plant	-	273
Board	12,300	5,850
Management fees	-	12,721
School District administration fee	66,010	35,909
Fiscal services	52,803	26,909
Community services	23,450	506
Transportation	18,028	9,912
Capital outlay-facilities rent	130,304	75,600
Total program expenses	<u>1,598,540</u>	<u>823,492</u>
Increase (decrease) in net assets	<u>\$ 37,888</u>	<u>\$ 49,125</u>

**Current Year/Prior Year Analysis:**

**Financial Analysis of Individual Funds**

An analysis of current year to prior year balances and transactions provide reasons for significant changes in fund balances and/or net position and whether any restrictions, commitments, or other factors could affect the availability of resources for future use.



**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

- The fund balance of the General Fund increased in 2016 by \$46,714, from \$14,271 to \$60,985.
- Actual revenue in all funds increased in 2016 by approximately \$763,811, from \$872,617 in 2015 to \$1,636,428 in 2016.

**Capital Assets**

- Capital assets' net book value decreased by \$8,826 during the year due to the net effect of acquisition of capital assets from CCMSE of \$28,340 and \$37,166 of depreciation expense.
- The School made no borrowings during fiscal year 2016.

**Budgetary Highlights in the General Fund**

Actual revenue in the General Fund was \$1,422,852.

Instruction and other expenditures were under revenue by approximately \$187,331.

The General Fund balance at June 30, 2016 was \$60,985, an increase of \$46,714 from June 30, 2015.

**Significant Economic Factors for the Future**

During July 2015 The School combined with a related entity, CCMSE, to create a kindergarten through grade eight charter school and the combined schools operated as Community Charter School of Excellence. The School served the educational needs of the former students of CCMSE. Management has prepared a budget to reflect an enrollment to 220 students and has projected an operating gain for fiscal year ending June 30, 2017 of \$8,540.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**  
**(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2015)**

	Governmental Activities	2015
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 66,275	\$ 5,574
Accounts receivable	20,319	-
Due from related entity	-	32,405
Total current assets	86,594	37,979
<b>CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	27,413	36,239
<b>OTHER ASSETS:</b>		
Prepaid expenses	17,591	6,200
Deposits	7,467	7,467
Total other assets	25,058	13,667
Total assets	\$ 139,065	\$ 87,885
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 50,667	\$ 25,375
Due to management company	-	12,000
Total current liabilities	50,667	37,375
<b>NET POSITION:</b>		
Invested in capital assets	27,413	36,239
Restricted	-	-
Unrestricted	60,985	14,271
Total net position	88,398	50,510
Total liabilities and net position	\$ 139,065	\$ 87,885

The accompanying notes to the basic financial statements are an integral part of this statement.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2015)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	2015 Total
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 790,569	\$ -	\$ 80,298	\$ -	\$ (710,271)	\$ (327,782)
Student personnel services	20,933	-	-	-	(20,933)	(10,899)
Technology services	1,479	-	-	-	(1,479)	(2,355)
Food services	143,591	-	133,278	-	(10,313)	(12,894)
School administration	155,927	-	-	-	(155,927)	(77,613)
Central services	12,952	-	-	-	(12,952)	(2,345)
Operation of plant	170,194	-	-	-	(170,194)	(94,198)
Maintenance of plant	-	-	-	-	-	(273)
Board	12,300	-	-	-	(12,300)	(5,850)
Management fees	-	-	-	-	-	(12,721)
School District administration fee	66,010	-	-	-	(66,010)	(35,909)
Fiscal services	52,803	-	-	-	(52,803)	(26,909)
Community services	23,450	-	-	-	(23,450)	(506)
Transportation	18,028	-	-	-	(18,028)	(9,912)
Capital outlay - facilities rent	130,304	-	-	-	(130,304)	(75,600)
Total governmental activities	<u>\$ 1,598,540</u>	<u>\$ -</u>	<u>\$ 213,576</u>	<u>\$ -</u>	(1,384,964)	(695,766)
General Revenues:						
					1,341,606	718,177
					81,246	26,714
					<u>1,422,852</u>	<u>744,891</u>
					37,888	49,125
					<u>50,510</u>	<u>1,385</u>
					<u>\$ 88,398</u>	<u>\$ 50,510</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash	\$ 66,275	\$ -	\$ -	\$ 66,275
Accounts receivable	20,319	-	-	20,319
Due from other funds	-	859	-	859
Total current assets	86,594	859	-	87,453
<b>OTHER ASSETS:</b>				
Prepaid expenses	17,591	-	-	17,591
Deposits	7,467	-	-	7,467
Total other assets	25,058	-	-	25,058
Total assets	\$ 111,652	\$ 859	\$ -	\$ 112,511
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 49,808	859	\$ -	\$ 50,667
Due to other funds	859	-	-	859
Total current liabilities	50,667	859	-	51,526
<b>FUND BALANCES:</b>				
Nonspendable				
Prepaid expenses	17,591	-	-	17,591
Deposits	7,467	-	-	7,467
Unassigned	35,927	-	-	35,927
Total fund balances	60,985	-	-	60,985
Total liabilities and fund balances	\$ 111,652	\$ 859	\$ -	\$ 112,511

The accompanying notes to the basic financial statements are an integral part of this statement.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Fund Balances - Governmental Funds	\$ 60,985
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

<u>27,413</u>
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Total net position - Governmental activities
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<u><u>\$ 88,398</u></u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Federal passed through local school district	\$ -	\$ 213,576	\$ -	\$ 213,576
State passed through local school district	1,341,606	-	-	1,341,606
Local sources	81,246	-	-	81,246
Total revenues	1,422,852	213,576	-	1,636,428
<b>EXPENDITURES:</b>				
Current:				
Instruction	723,540	56,848	-	780,388
Student personnel services	20,933	-	-	20,933
Technology services	1,479	-	-	1,479
Food services	-	143,591	-	143,591
School administration	155,927	-	-	155,927
Central services	12,952	-	-	12,952
Operation of plant	171,549	-	-	171,549
Board	12,300	-	-	12,300
School District administration fee	66,010	-	-	66,010
Fiscal services	52,803	-	-	52,803
Community services	-	23,450	-	23,450
Transportation	18,028	-	-	18,028
Capital outlay-facilities rent	-	-	130,304	130,304
Total expenditures	1,235,521	223,889	130,304	1,589,714
Excess (deficiency) of revenues over (under) expenditures	187,331	(10,313)	(130,304)	46,714
Other financing sources (uses):				
Transfers in	-	10,313	130,304	140,617
Transfers out	(140,617)	-	-	(140,617)
Total other financing sources (uses)	(140,617)	10,313	130,304	-
Net change in fund balance	46,714	-	-	46,714
Fund balance - July 1, 2015	14,271	-	-	14,271
Fund balance - June 30, 2016	<u>\$ 60,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,985</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
JUNE 30, 2016**

Net Change in Fund Balances - Governmental Funds	\$	46,714
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. The amount by which depreciation expense exceeds capital outlay in the current period is</p>		
		<u>(8,826)</u>
Change in net position of governmental activities	\$	<u><u>37,888</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

Reporting Entity

The Community Charter School of Excellence, Inc., a component unit and charter school of the School District of Hillsborough County, Florida (the “School”) is a not-for-profit corporation and operates as a Charter School pursuant to a Charter School Contract (the “Contract”) with the School District of Hillsborough County, Florida (the “District”). The School is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Under the Contract the School provides a kindergarten through fifth grade elementary school education to children who reside in Hillsborough County. The School is governed by a Board of Directors composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The current charter is for a term of five years ending June 30, 2021 and serves students residing in Hillsborough County, Florida in grades kindergarten through eighth grade. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent between the School and the District and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter’s expiration. The School contract provides in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

Criteria for determining if other entities are potential component units which should be reported within the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements provide information about the School’s overall financial condition in a manner similar to a private-sector business. A Statement



**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

of Net Position and Statement of Activities report on the accrual basis of accounting using an economic resources measurement focus for governmental activities as the School does not engage in any business type activities. The Statement of Net Position provides information about the School's financial position, with the difference between assets and liabilities reported as net position. The Statement of Activities presents information about the change in the School's net position and the results of its operations during the fiscal year. An increase or decrease in net position is an indication of improving or deteriorating financial health.

**Fund Financial Statements**

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives using the current financial resources measurement focus on a modified accrual basis of accounting. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The current financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statement provides a detailed short-term view that may be used to evaluate the School's near-term financing requirements. The School considers revenues collected within sixty days from year-end to be available for revenue recognition in the governmental and fund financial statements.

The School has no Internal Service Fund, or Debt Service Fund.

The Academy utilizes the following major governmental funds:

General Fund – Accounts for all financial activity not required to be accounted for in another fund.

Special Revenue Fund – Accounts for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditures for a specific purpose and to provide a single source of accountability for monies received.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Capital Projects Fund - Accounts for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditures for a specific purpose and to provide a single source of accountability for monies received.

The School's fund balance reporting model is designed to clarify fund balance into classifications, nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. See Note 5 for a detailed presentation of fund balance.

**Budgetary Basis of Accounting**

The School's annual budgets are adopted for the entire operations and presented on the modified accrual basis of accounting and may be amended by the Board of Directors. Since the budgetary basis differs from GAAP, budgetary and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of a surplus of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

**Cash**

Cash deposits consist primarily of demand deposits included in pooled cash, held by banks which are qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Depository Insurance Corporation (the "FDIC") and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**Accounts Receivable**

Accounts receivable are stated at amounts expected to be collected. At June 30, 2016 accounts receivable were determined to be fully collectable; therefore, no allowance for doubtful accounts was considered necessary.

**Capital Assets**

Expenditures for capital assets acquired for School purposes are reported in Governmental Funds that financed the acquisition; whereas the acquired capital assets are capitalized (recorded) at cost in the Statement of Net Position. Donated capital assets are recorded at their estimated fair market value at the date of donation. During fiscal year 2016 CCMSE donated \$28,340 of capital assets, at fair market value, to the School. The

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

School’s policy is to capitalize all capital assets having a useful life of more than one year and an initial cost of \$1,000 or greater.

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

	Estimated Useful Lives (years)
Furniture	7
Office equipment	6
Computer equipment	3
Improvements other than buildings	5
Leasehold improvements	2
Vehicles	2 - 8

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**Income Taxes**

The School is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions and is not subject to any Internal Revenue Service examination prior to year ending June 30, 2014.

**Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

Comparative Data

Comparative data for the prior year has been presented for certain sections of the accompanying basic financial statements to provide an understanding of the changes in the School's financial position and operations. Certain accounts relating to the prior year have been reclassified to current year presentation with no effect on previously reported net income.

Revenue Sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the School pursuant to the funding provisions included in the charter. Under the provisions of Section 1011.62, Florida Statutes the number of full-time equivalent (FTE) students and related data are reported to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the School during designated FTE student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2, Florida Statutes. For the 2015-2016 school year, the School, reported 211.00 unweighted FTE. Weighted funding represents approximately 5% of total state funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-603411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

The School, from time to time, also receives federal grant awards and state financial assistance for the enhancement of various educational programs. Federal awards and state financial assistance are generally received based on an application submitted to and

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

approved by various granting agencies. For federal awards and state financial assistance in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Special Revenue Fund and Capital Projects Fund. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**NOTE 2 – CAPITAL ASSETS:**

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
	<u>2015</u>	<u>          </u>	<u>          </u>	<u>2016</u>
Capital assets depreciated:				
Leasehold improvements	\$ 97,515	\$ 18,557	\$ -	\$ 116,072
Furniture, fixtures and equipment	130,504	7,689	-	138,193
Library	2,678	2,094	-	4,772
Vehicles	9,400	-	-	9,400
Total capital assets depreciated	<u>240,097</u>	<u>28,340</u>	<u>-</u>	<u>268,437</u>
Less accumulated depreciation:				
Leasehold improvements	(62,102)	(26,985)	-	(89,087)
Furniture, fixtures and equipment	(129,678)	(8,515)	-	(138,193)
Library	(2,678)	(1,666)	-	(4,344)
Vehicles	(9,400)	-	-	(9,400)
Total accumulated depreciation	<u>(203,858)</u>	<u>(37,166)</u>	<u>-</u>	<u>(241,024)</u>
Total capital assets, net	<u>\$ 36,239</u>	<u>\$ (8,826)</u>	<u>\$ -</u>	<u>\$ 27,413</u>

For the year ended June 30, 2016 and 2015 depreciation expense of \$37,166 and \$25,865, respectively, was charged to the instruction and the operation of plant functions as follows:

<u>Depreciation by Function</u>	
Instruction	\$ 10,181
Operation of plant	<u>26,985</u>
	<u>\$ 37,166</u>

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2016**

**NOTE 3 - RISK MANAGEMENT:**

The School is exposed to various risks of loss in the normal course of operations which are related to theft, damage or destruction of assets, errors and omissions, injuries to others and natural disasters. The School purchases commercial insurance for, general liability, commercial property, motor vehicle, and errors and omissions coverage.

For years ending June 30, 2016, 2015, and 2014 the School incurred no liability or casualty losses in excess of insurance coverage.

**NOTE 4 - REVENUE SOURCES:**

The School receives revenues for current operations primarily from the State of Florida through the District as detailed in the following schedule of revenue sources and amounts:

<u>Sources</u>	<u>General Fund</u>	<u>2015 Total</u>
State and local sources passed through the School District of Hillsborough County:		
Florida Education Finance Program (FEFP)	\$ 1,065,418 +	\$ 544,444
Instruction materials	15,300	8,626
Supplemental Academic Instruction (SAI)	37,933	21,424
Class size reduction	219,483	143,683
Teacher lead program	3,472 *	- *
 Total state and local sources passed through the School District of Hillsborough County	 <u>\$ 1,341,606</u>	 <u>\$ 718,177</u>

+ \$17,930 of amount not subject to District's administrative fee.

\* Not subject to the District's administrative fee.

An administrative fee, equivalent to 5% of the funding reported in the schedule above, was withheld by the District totaling \$66,010 and \$35,909 for 2016 and 2015, respectively. The administrative fee of \$66,010 is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2016.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 – FUND BALANCE:**

The School's fund balance reporting model is designed to clarify fund balance reporting into classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Nonspendable Fund Balance

Generally means assets not expected to be converted to cash.

The School has paid a retainer for professional services on an annual basis including periods that extend beyond the current period. The School has paid deposits for certain lease agreements. The nonspendable fund balance of \$17,591 and \$7,467 is reported as prepaid expenses and deposits, respectively, on the balance sheet.

In the governmental fund financial statements fund balance is reported in five classifications.

- **Nonspendable fund balance** generally means fund balance not expected to be converted to cash. The School has paid a retainer for certain professional services to be provided beyond the current accounting period and prepaid rent. The prepaid expenses of \$17,591 are reported as nonspendable fund balance. Deposits paid subject to certain leases of \$7,467 are not expected to be refunded during the next fiscal year.
- **Restricted fund balance** is a portion of fund balance that constraints have been placed on the use of resources by external parties such as creditors, grantors, contributors, or laws and regulations of other governments. There is no restricted fund balance.
- **Committed fund balance** is used for a specific purpose pursuant to constraints imposed by formal action of the School's highest level of decision making authority. There is no committed fund balance.
- **Assigned fund balance** is amounts constrained by the Academy's intent to be used for specific purposes, but are neither restricted nor committed. Assignment ability can be delegated by the board of directors to the School's Principal. There is no assigned fund balance.
- **Unassigned fund balance** is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. The unassigned fund balance at June 30, 2016 is \$35,927.

Spending Policies of the School

The School considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2016**

**NOTE 5 – FUND BALANCE (continued):**

balance is available and committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Community Charter School of Excellence, Inc. has a revenue spending policy that provides policy for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds, and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

**NOTE 6 – INTERFUND TRANSFERS:**

During fiscal year 2016 the General Fund transferred \$130,304 to the Capital Projects Fund due to rental costs and the General Fund transferred \$10,313 to the Special Revenue Fund to supplement food service costs exceeding food service revenue.

**NOTE 7 – COMMITMENTS:**

The School leased property during the year for its administrative, library, cafeteria and classroom space from Validus Group Partners Limited under a non-cancelable operating lease that expires July 31, 2017. The lease contains a five year renewal option term at market rates. Under the terms of the lease agreement for fourteen thousand nine hundred twenty-three (14,923) square feet of administrative, library, cafeteria, and classroom space, the minimum monthly lease payments are \$13,182 to \$13,195 per month, plus \$2,549 per month for maintenance and utilities.

The School also leases a copy machine which expires August 2016. The operating lease agreement for the copy machine requires monthly payments of \$533 per month.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7 – COMMITMENTS (continued):**

Future minimum lease payments under these operating lease agreements are:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 158,871
2018	13,194
2019	-
2020	-
2021	-
Thereafter	-
	<u>\$ 172,065</u>

**NOTE 8 – MANAGEMENT STRUCTURE:**

All policy decisions, including the annual budget, are formulated by the Board of Directors. The Board of Directors has the powers reasonably necessary to manage, operate, maintain and discharge the duties of the School to include adopting budgets; enter into contracts; adopt, publish, promulgate and enforce rules and regulations; employ on behalf of the School; managers, independent contractors, and any other employees deemed necessary; and acquire, sell, operate, lease, manage, and otherwise trade and deal with property, real and personal.

**NOTE 9 – RETIREMENT PLAN:**

Administrative, professional, and clerical staff of the School, were leased through ADP, LLC and there is currently no retirement plan available.

**NOTE 10 – SUBSEQUENT EVENTS:**

Management has evaluated all events subsequent to the balance sheet date of June 30, 2016 through September 26, 2016, which is the date these financial statements were available to be issued. Management has determined there are no subsequent events which required adjustments to the financial statements or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Governmental Funds							
	General Fund				Special Revenue Fund			
	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>								
Federal passed through the School District of Hillsborough County	\$ -	\$ -	\$ -	\$ -	\$ 198,820	\$ 140,149	\$ 213,576	\$ 73,427
State and local sources passed through the School District of Hillsborough County	1,380,656	1,385,688	1,341,606	(44,082)	-	-	-	-
Food service	-	-	-	-	-	4,752	-	(4,752)
Local sources	-	-	81,246	81,246	-	-	-	-
Total revenues	<u>1,380,656</u>	<u>1,385,688</u>	<u>1,422,852</u>	<u>37,164</u>	<u>198,820</u>	<u>144,901</u>	<u>213,576</u>	<u>68,675</u>
<b>Expenditures:</b>								
Instruction	779,226	886,619	723,540	163,079	48,278	59,000	56,848	2,152
Student personnel services	25,500	-	20,933	(20,933)	-	-	-	-
Instructional training	100	4,550	-	4,550	-	-	-	-
Technology services	8,825	2,500	1,479	1,021	-	-	-	-
Food services	-	-	-	-	150,542	63,776	143,591	(79,815)
School administration	149,697	160,890	155,927	4,963	-	-	-	-
Central services	-	-	12,952	(12,952)	-	-	-	-
Operation of plant	89,723	76,350	171,549	(95,199)	-	-	-	-
Maintenance of plant	45,092	-	-	-	-	-	-	-
Board	13,300	6,785	12,300	(5,515)	-	-	-	-
School District administration fee	68,833	73,441	66,010	7,431	-	-	-	-
Fiscal services	45,987	8,600	52,803	(44,203)	-	-	-	-
Community services	-	-	-	-	-	-	23,450	(23,450)
Transportation	15,001	630	18,028	(17,398)	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>1,241,284</u>	<u>1,220,365</u>	<u>1,235,521</u>	<u>(15,156)</u>	<u>198,820</u>	<u>122,776</u>	<u>223,889</u>	<u>(101,113)</u>
Revenues over (under) expenses	139,372	165,323	187,331	22,008	-	22,125	(10,313)	(32,438)
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	10,313	10,313
Transfers out	(130,299)	(116,670)	(140,617)	(23,947)	-	-	-	-
Net change in fund balance	<u>\$ 9,073</u>	<u>\$ 48,653</u>	<u>46,714</u>	<u>\$ (1,939)</u>	<u>\$ -</u>	<u>\$ 22,125</u>	<u>-</u>	<u>\$ (22,125)</u>
Fund balance - July 1, 2015			14,271				-	
Fund balance - June 30, 2016			<u>\$ 60,985</u>				<u>\$ -</u>	

The accompanying notes to the basic financial statements are an integral part of this statement

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

Governmental Funds				Total Governmental Funds			
Capital Projects Fund							
Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 198,820	\$ 140,149	\$ 213,576	\$ 73,427
-	-	-	-	1,380,656	1,385,688	1,341,606	(44,082)
-	-	-	-	-	4,752	-	\$ (4,752)
-	-	-	-	-	-	81,246	81,246
-	-	-	-	1,579,476	1,530,589	1,636,428	105,839
-	-	-	-	827,504	945,619	780,388	165,231
-	-	-	-	25,500	-	20,933	(20,933)
-	-	-	-	100	4,550	-	4,550
-	-	-	-	8,825	2,500	1,479	1,021
-	-	-	-	150,542	63,776	143,591	(79,815)
-	-	-	-	149,697	160,890	155,927	4,963
-	-	-	-	-	-	12,952	(12,952)
130,299	116,670	-	116,670	220,022	193,020	171,549	21,471
-	-	-	-	45,092	-	-	-
-	-	-	-	13,300	6,785	12,300	(5,515)
-	-	-	-	68,833	73,441	66,010	7,431
-	-	-	-	45,987	8,600	52,803	(44,203)
-	-	-	-	-	-	23,450	(23,450)
-	-	-	-	15,001	630	18,028	(17,398)
-	-	130,304	(130,304)	-	-	130,304	(130,304)
130,299	116,670	130,304	(13,634)	1,570,403	1,459,811	1,589,714	(129,903)
(130,299)	(116,670)	(130,304)	(13,634)	9,073	70,778	46,714	(24,064)
130,299	116,670	130,304	13,634	130,299	116,670	140,617	23,947
-	-	-	-	(130,299)	(116,670)	(140,617)	(23,947)
\$ -	\$ -	-	\$ -	\$ 9,073	\$ 70,778	46,714	\$ (24,064)
-	-	-	-	-	-	14,271	-
-	-	-	-	-	-	\$ 60,985	-

The accompanying notes to the basic financial statements are an integral part of this statement

## **REGULATORY REPORTS**

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

To the Board of Directors  
Community Charter School of Excellence, Inc.  
a Charter School and Component Unit of  
the School District of Hillsborough County  
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida, (the "School") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 26, 2016.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Tampa, Florida  
September 26, 2016



## MANAGEMENT LETTER

To the Board of Directors  
Community Charter School of Excellence, Inc.  
a Charter School and Component Unit of the  
School District of Hillsborough County, Florida

### Report on the Financial Statements

We have audited the basic financial statements of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida (the "School"), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 26, 2016.

### Auditor's Responsibility

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

### Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 26, 2016, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

## **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, Section 1002.33(9)(p), Florida Statutes, requires the name or official title of the entity. The official title of the entity is Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida.

## **Financial Condition**

Sections 10.854(1)(e)2, Rules of the Auditor General, requires that we report the results of our determination as to whether or not Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Community Charter School of Excellence, Inc., a charter school and component unit of the School District of Hillsborough County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida. It is management's responsibility to monitor Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Transparency**

Section 10.854(1)(e)7. and 10.855(13) Rules of the Auditor General, require that we report the results of our determination as to whether Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Other Matters**

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

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

**Purpose of this Letter**

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the School Board of Hillsborough County, Florida, 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.



Sottile & Company P.A.  
Tampa, Florida  
September 26, 2016