

Florida High School For Accelerated
Learning – Metro Broward, Inc.
d/b/a Flagler High School
(A Component Unit of the School Board of
Broward County, Florida)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2016

**Florida High School for Accelerated Learning –
Metro Broward, Inc. d/b/a Flagler High School**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Florida High School for Accelerated Learning – Metro Broward, Inc. (the "School"), a component unit of the School Board of Broward County, Florida, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

CPA's + Trusted Advisors

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 the School, as of June 30, 2016, and the respective changes in financial position, and budgetary comparison for the General Fund 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 on pages 3 through 6 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 supplemental 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 *Government Auditing Standards*, we have also issued our report dated September 28, 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 *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Florida High School for Accelerated Learning - Metro Broward, Inc. d/b/a Flagler High School (the “School”), a component unit of the School Board of Broward County, Florida, we offer readers of the School’s basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2016 with certain comparative information for 2015.

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

Financial Highlights

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

- The School’s total assets exceeded its liabilities by \$ 83,202 (net position). This amount includes net investment in capital assets of \$ 9,851, restricted net position of \$ 5,230 and an unrestricted net position of \$ 68,121.
- The School’s total revenues were \$ 2,206,006 including \$ 2,051,749 from Florida Education Finance Program (FEFP) revenue, \$ 142,466 from program revenues and \$ 11,791 from miscellaneous revenues. The School’s expenses for this year were \$ 2,220,000.

Overview of the Financial Statements

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

Government-Wide Basic Financial Statements: The government-wide basic financial statements are designed to provide readers with a broad overview of the School’s finances in a manner similar to a private sector business.

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

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

The government-wide financial statements can be found on pages 7 and 8 of this report.

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

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

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

The School maintains three governmental fund types. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances. Each fund is considered a major fund in the accompanying financial statements.

The School adopts an annual budget for two governmental funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 15 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to basic financial statements can be found on pages 16 through 21 of this report.

Government-Wide Financial Analysis

The School’s net position was \$ 83,202 at June 30, 2016 and \$ 97,196 at June 30, 2015. Our analysis in the table below focuses on the net position of the School’s governmental activities as follows:

Florida High School for Accelerated Learning –
 Metro Broward, Inc. d/b/a Flagler High School
 Statements of Net Position

	June 30, 2016	June 30, 2015
Assets:		
Current and other assets	\$ 253,602	\$ 318,220
Capital assets, net of depreciation	9,851	66,232
Total assets	263,453	384,452

**Florida High School for Accelerated Learning –
Metro Broward, Inc. d/b/a Flagler High School
Management’s Discussion and Analysis
June 30, 2016**

Florida High School for Accelerated Learning –
Metro Broward, Inc. d/b/a Flagler High School
Statements of Net Position
(continued)

	June 30, 2016	June 30, 2015
Liabilities:		
Liabilities, excluding long-term liabilities	<u>180,251</u>	<u>287,256</u>
Total liabilities	<u>180,251</u>	<u>287,256</u>
Net Position:		
Net investment in capital assets	9,851	66,232
Restricted	5,230	8,968
Unrestricted	<u>68,121</u>	<u>21,996</u>
Total net position	\$ <u><u>83,202</u></u>	\$ <u><u>97,196</u></u>

A portion of the School’s net position reflects its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources that are subject to external restrictions on how they may be used are classified as restricted net position. At June 30, 2016 and 2015, the School had \$ 5,230 and \$ 8,968 in restricted net position, respectively.

Governmental Activities: The results of this year’s operations for the School as a whole are reported in the statement of activities on page 8. The table below provides a condensed presentation of the School’s revenues and expenses for the year ended June 30, 2016 and June 30, 2015:

Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a/ Flagler High School
Statements of Changes in Net Position

	June 30, 2016	June 30, 2015
Revenues:		
General revenues	\$ 2,063,540	\$ 2,364,859
Program revenues	<u>142,466</u>	<u>270,808</u>
Total revenues	<u>2,206,006</u>	<u>2,635,667</u>
Expenses:		
Instructional	572,670	633,806
Pupil services	245,453	244,078
Administrative	853,081	1,137,800
Transportation services	93,810	114,816
Operation of non-instructional services	<u>454,986</u>	<u>518,420</u>
Total expenses	<u>2,220,000</u>	<u>2,648,920</u>
Change in net position	\$ <u><u>(13,994)</u></u>	\$ <u><u>(13,253)</u></u>

**Florida High School for Accelerated Learning –
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Management’s Discussion and Analysis
June 30, 2016**

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

<u>Functions/Programs</u>	2016		2015	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
Governmental expenditures:				
Instructional expenditures	\$ 516,289	24.0%	\$ 633,806	24.4%
Pupil services	245,453	11.3%	244,078	9.4%
Administrative services	853,081	39.4%	1,137,800	43.9%
Transportation services	93,810	4.3%	114,816	4.4%
Other non instructional support services	454,986	21.0%	462,506	17.8%
Total governmental expenditures	<u>\$ 2,163,619</u>	<u>100%</u>	<u>\$ 2,593,006</u>	<u>100%</u>

Capital Assets and Debt Administration

Capital assets: The School’s investment capital assets at June 30, 2016 were \$ 9,851 net of accumulated depreciation compared to \$ 66,232 at June 30, 2015.

Debt administration: At June 30, 2016, the School had no outstanding debt.

General Fund Budgetary Highlights

Total revenues were under budget by approximately \$ 597,000 due to 109 less students being enrolled than budgeted for.

Total expenditures were under the budget by approximately \$ 542,000. See page 13 for budget to actual comparisons detail.

Economic Factors and Next Year's Budget

FEFP funding per student will increase by approximately \$ 128 or 2.1% in FY 2017 as compared to FY 2016. The management agreement continues to provide for the delivery of services despite any revenue shortfalls. Enrollment will be sufficient.

All these factors were considered in preparing the FY 2017 budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Statement of Net Position
June 30, 2016

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 248,324
Due from other governments	<u>5,278</u>
Total current assets	<u>253,602</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>9,851</u>
Total assets	\$ <u><u>263,453</u></u>
Current Liabilities:	
Accounts payable	\$ <u>180,251</u>
Total current liabilities	<u>180,251</u>
Net Position:	
Net investment in capital assets	9,851
Restricted for unspent scholarships	5,230
Unrestricted	<u>68,121</u>
Total net position	<u>83,202</u>
Total liabilities and net position	\$ <u><u>263,453</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Statement of Activities
For the Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction:					
Regular instruction	\$ 572,670	\$ -	\$ -	\$ -	\$ (572,670)
Instructional support services:					
Pupil services	245,453	-	-	-	(245,453)
Administrative services	853,081	-	-	-	(853,081)
Plant operations and maintenance	431,935	-	47,233	95,233	(289,469)
Transportation services	93,810	-	-	-	(93,810)
Operation of non-instructional services:					
Fiscal services	8,824	-	-	-	(8,824)
Board expenses	14,227	-	-	-	(14,227)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ <u>2,220,000</u>	\$ <u>-</u>	\$ <u>47,233</u>	\$ <u>95,233</u>	<u>(2,077,534)</u>
General revenues:					
Florida Education Finance Program					2,051,749
Miscellaneous revenues					<u>11,791</u>
Total general revenues					<u>2,063,540</u>
Change in net position					(13,994)
Net position, July 1, 2015					<u>97,196</u>
Net position, June 30, 2016					\$ <u><u>83,202</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Balance Sheet - Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 248,324	\$ -	\$ 248,324
Due from other governments	-	5,278	5,278
Due from capital projects fund	<u>5,278</u>	<u>-</u>	<u>5,278</u>
Total assets	<u>\$ 253,602</u>	<u>\$ 5,278</u>	<u>\$ 258,880</u>
Liabilities:			
Accounts payable	180,251	-	180,251
Due to general fund	<u>-</u>	<u>5,278</u>	<u>5,278</u>
Total liabilities	<u>180,251</u>	<u>5,278</u>	<u>185,529</u>
Fund Balances:			
Restricted for unspent scholarships	5,230	-	5,230
Unassigned	<u>68,121</u>	<u>-</u>	<u>68,121</u>
Total fund balances	<u>73,351</u>	<u>-</u>	<u>73,351</u>
Total liabilities and fund balances	<u>\$ 253,602</u>	<u>\$ 5,278</u>	<u>\$ 258,880</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2016**

Governmental Fund Balances \$ 73,351

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

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

Cost of capital assets	\$ 175,113	
Accumulated depreciation	<u>(165,262)</u>	<u>9,851</u>

Net Position of Governmental Activities \$ 83,202

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
State and federal sources:			
Florida Education Finance Program	\$ 2,000,150	\$ -	\$ 2,000,150
Capital outlay	-	70,210	70,210
Teacher's Lead Program	1,387	-	1,387
Transportation revenue	75,235	-	75,235
E-Rate revenue	47,233	-	47,233
Other miscellaneous revenue	11,791	-	11,791
	<u>2,135,796</u>	<u>70,210</u>	<u>2,206,006</u>
Total revenues			
Expenditures:			
Current:			
Instruction:			
Regular instruction	516,289	-	516,289
Instructional support services:			
Pupil services	245,453	-	245,453
Administrative services	853,081	-	853,081
Plant operations and maintenance	327,734	104,201	431,935
Pupil transportation services	93,810	-	93,810
Operation of non-instructional services:			
Fiscal services	8,824	-	8,824
Board expenditures	14,227	-	14,227
	<u>2,059,418</u>	<u>104,201</u>	<u>2,163,619</u>
Total expenditures			
Net changes in fund balances before other financing sources (uses)	<u>76,378</u>	<u>(33,991)</u>	<u>42,387</u>
Other Financing Sources/(Uses):			
Transfers in	-	25,023	25,023
Transfers out	(25,023)	-	(25,023)
	<u>51,355</u>	<u>(8,968)</u>	<u>42,387</u>
Net changes in fund balances			
Fund Balances, July 1, 2015	<u>21,996</u>	<u>8,968</u>	<u>30,964</u>
Fund Balances, June 30, 2016	\$ <u><u>73,351</u></u>	\$ <u><u>-</u></u>	\$ <u><u>73,351</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Reconciliation of the Statement of Revenues,
Expenditures and Change in Fund Balances –
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

Net Change in Fund Balances - Governmental Funds \$ 42,387

Amounts reported for governmental activities in the statement of activities 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:

Current year provision for depreciation (56,381)

Change in Net Position of Governmental Activities \$ (13,994)

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Statement of Revenues, Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 2,681,823	\$ 2,681,823	\$ 2,076,772	\$ (605,051)
Federal sources	50,495	50,495	47,233	(3,262)
Local sources	<u>-</u>	<u>-</u>	<u>11,791</u>	<u>11,791</u>
Total revenues	<u>2,732,318</u>	<u>2,732,318</u>	<u>2,135,796</u>	<u>(596,522)</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	681,532	681,532	516,289	165,243
Instructional support services:				
Pupil services	254,934	254,934	245,453	9,481
Administrative services	1,293,298	1,293,298	853,081	440,217
Plant operations and maintenance	194,396	194,396	327,734	(133,338)
Pupil transportation services	133,445	133,445	93,810	39,635
Operation of non-instructional services:				
Fiscal services	12,000	12,000	8,824	3,176
Board expenditures	<u>32,000</u>	<u>32,000</u>	<u>14,227</u>	<u>17,773</u>
Total expenditures	<u>2,601,605</u>	<u>2,601,605</u>	<u>2,059,418</u>	<u>542,187</u>
Net change in fund balances before other financing uses	<u>130,713</u>	<u>130,713</u>	<u>76,378</u>	<u>(54,335)</u>
Other Financing Sources/(Uses):				
Transfers out	<u>(53,636)</u>	<u>(53,636)</u>	<u>(25,023)</u>	<u>28,613</u>
Net change in fund balance	<u>\$ 77,077</u>	<u>\$ 77,077</u>	<u>\$ 51,355</u>	<u>\$ (25,722)</u>

**Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Statement of Revenues, Expenditures - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Expenditures:			
Regular instruction:			
Salaries	\$ 263,329	\$ -	\$ 263,329
Repairs and maintenance	68,200	-	68,200
Rentals	56,947	-	56,947
Group insurance	51,902	-	51,902
Supplies	31,340	-	31,340
Other purchased services	23,392	-	23,392
Payroll taxes	20,232	-	20,232
Travel	516	-	516
Professional and technical	300	-	300
Textbooks	131	-	131
	<u>516,289</u>	<u>-</u>	<u>516,289</u>
Total regular instruction			
	<u>516,289</u>	<u>-</u>	<u>516,289</u>
Instructional support services:			
Salaries	197,065	-	197,065
Group insurance	32,633	-	32,633
Payroll taxes	14,746	-	14,746
Travel	1,009	-	1,009
	<u>245,453</u>	<u>-</u>	<u>245,453</u>
Total instructional support services			
	<u>245,453</u>	<u>-</u>	<u>245,453</u>
Plant operations and maintenance:			
Other purchased services	124,092	-	124,092
Rentals	9,277	104,201	113,478
Communication	72,291	-	72,291
Repairs and maintenance	54,939	-	54,939
Contract security	45,306	-	45,306
Electricity	19,398	-	19,398
Supplies	2,431	-	2,431
	<u>327,734</u>	<u>104,201</u>	<u>431,935</u>
Total plant operations and maintenance			
	<u>327,734</u>	<u>104,201</u>	<u>431,935</u>

**Florida High School for Accelerated Learning -
Metro Broward, Inc. d/b/a Flagler High School
Statement of Revenues, Expenditures - Governmental Funds
(continued)
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Administrative services:			
Other purchased services	251,959	-	251,959
Salaries	218,828	-	218,828
Management fees	201,496	-	201,496
District administration fee	78,717	-	78,717
Group insurance	22,621	-	22,621
Insurance premium	19,104	-	19,104
Supplies	16,600	-	16,600
Payroll taxes	14,830	-	14,830
Professional and technical services	14,274	-	14,274
Travel	6,487	-	6,487
Miscellaneous	3,904	-	3,904
Rental	2,921	-	2,921
Communications	1,340	-	1,340
	<u>853,081</u>	<u>-</u>	<u>853,081</u>
Total administrative services			
Transportation services:			
Other purchased services	93,810	-	93,810
	<u>93,810</u>	<u>-</u>	<u>93,810</u>
Total transportation services			
Fiscal services:			
Outside accountant	8,824	-	8,824
	<u>8,824</u>	<u>-</u>	<u>8,824</u>
Total fiscal services:			
Board expenditures:			
Professional fees	8,806	-	8,806
Insurance	4,932	-	4,932
Supplies	489	-	489
	<u>14,227</u>	<u>-</u>	<u>14,227</u>
Total board expenditures			
Total expenditures	<u>\$ 2,059,418</u>	<u>\$ 104,201</u>	<u>2,163,619</u>

Note 1 - Organization and Operations

Florida High School for Accelerated Learning – Metro Broward, Inc. d/b/a Flagler High School (the “School”), (a component unit of the School Board of Broward County, Florida) is part of the Florida system of public education under the general direction of the Florida Department of Education (“FDOE”). The School was incorporated as a Florida not-for-profit corporation in July 2011, and commenced operations as a charter school in July 2013. The School was granted a charter to operate a high school, including grades nine to twelve, by the School Board of Broward County, Florida (the “District”) in April 2013. As of June 30, 2016, 329 students were enrolled in the school.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School Board, the School Board of Broward County, Florida (the “Board”). The current charter is effective until June 30, 2018, and may be renewed by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Broward County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance provided in the American Institute of Certified Public Accountants and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide basic statements: The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund basic financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2016, the School had program revenues of \$ 142,466.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Fund basic financial statements: The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures.

The School reports the following major governmental funds:

General Fund – This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Capital Projects Fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year end or soon enough thereafter to be used to pay liabilities of the current period.

Cash and cash equivalents: The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Due to/from other funds and Transfers in/out: Interfund receivables and payables arise from interfund transactions and are recorded by all funds in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transaction are recorded in the accounting system, and payments between funds are made. Transfers are made from the General Fund to the Capital Projects Fund to allocate the rebate on the district administrative fee that is to be used for capital outlay.

Due from other governments: Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are valued at the estimated 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 and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Depreciation on capital assets is provided on the straight-line basis over the respective useful lives ranging from 4 to 5 years.

Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Revenue recognition: Student funding is provided by the State of Florida through the School District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial basic statements. The School District retains a 5% administration fee for enrollment up to and including 250 students. For charter schools with a population of 251 or more students, the administration fee is reduced to 3%. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that will need to be funded by future operations.

Fund balance: The School has implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

Note 2 - Summary of Significant Accounting Policies (continued)

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by formal action of the Board itself, using its highest level of decision making authority (i.e., the Board Members) through resolution or ordinance. To be reported as committed, amounts cannot be used for any other purpose unless the Board Members take the same highest level action (i.e., resolution or ordinance) to remove or change the constraint.
- *Assigned fund balance* – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Board.
- *Unassigned fund balance* – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

The School uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed fund balance, followed by assigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Budgets: Operating budgets are adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Income taxes: The School qualifies as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through September 28, 2016, which is the date the financial statements were available for issuance.

Note 3 – Cash and Cash Equivalents

At June 30, 2016, the carrying amount and bank balance of the deposits and cash on hand totaled \$ 248,324.

Note 3 – Cash and Cash Equivalents (continued)

State statutes require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds.

The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2016.

Note 4 – Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2015	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2016
Capital assets, depreciable:				
Computers and software	\$ 156,690	\$ -	\$ -	\$ 156,690
Furniture and fixtures	18,423	-	-	18,423
Total capital assets, depreciable	<u>175,113</u>	<u>-</u>	<u>-</u>	<u>175,113</u>
Accumulated depreciation:				
Computers and software	105,196	52,696	-	157,892
Furniture and fixtures	3,685	3,685	-	7,370
Total accumulated depreciation	<u>108,881</u>	<u>56,381</u>	<u>-</u>	<u>165,262</u>
Net capital assets	<u>\$ 66,232</u>	<u>\$ (56,381)</u>	<u>\$ -</u>	<u>\$ 9,851</u>

The provision for depreciation for the year ended June 30, 2016 amounted to \$ 56,381. The School allocated 100% of the depreciation to instruction.

Note 5 - Commitments and Contingencies

Management contract: The School has entered into a contractual agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation (the “Company”), to provide for most of the School’s resources and services. The agreement began upon the commencement of the School in July 2013 and continues through June 2018, at which time the contract will automatically renew for additional, successive five year terms unless one party notifies the other party at least six months prior to the expiration of the contract. Under the terms of the agreement, the School is charged fees for services of ninety-seven (97%) of the Schools’ qualified gross revenues as defined by the agreement. The fee for services adjusts to ninety-five (95%) for the fourth and fifth years of agreement. Qualified gross revenues include various federal, state and local source revenues with certain exceptions. The qualified gross revenues do not include any federal or state awards that are intended to be a reimbursement of expenditures on a dollar for dollar basis. The Company is also entitled to all grants and contributions not defined by the agreement within the terms of qualified gross revenues.

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

Note 5 - Commitments and Contingencies (continued)

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

Upon termination of the agreement, the School has the right to have all real and personal property leases related to the School assigned to and assumed by the School as long as the lease permits assignment, purchase all personal property owned by the Company and used exclusively or primarily in connection with School operations at the asset's "remaining cost basis" which shall be calculated based on the straight line method of providing for depreciation. Assets with an approximate net book value of \$ 619,000 as of June 30, 2016 have been identified by the Company to be used exclusively or primarily in connection with School operations. The depreciation for these assets is categorized in plant operations and maintenance on the government-wide statements and within management fees on the fund level statements.

Lease agreement: The School has previously entered into a lease agreement for the facilities which expires in January 2018 and requires monthly payments of approximately \$ 9,500. The lease also calls for annual common maintenance charges to be assessed in addition to other charges including applicable taxes. The lease also contains four renewal options for five years each and assignment rights with prior approval of the landlord. Total rent expense in connection with this lease amounted to approximately \$ 113,500 for the year ended June 30, 2016. In addition, the lease is guaranteed by Community Education Partners, Inc., an affiliate of Accelerated Learning Solutions, Inc.

The approximate future rent obligations of the School are as follows:

2017	\$	118,950
2018	\$	118,950
2019	\$	9,900
Thereafter	\$	NONE

Post-retirement benefits: The School does not provide post-retirement benefits to retired employees. All employees are employees of the management company and benefits are their sole responsibility.

Note 6 - Risk Financing:

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies. Claims have not exceeded this commercial coverage since the School's inception.

OTHER REPORTS OF
INDEPENDENT AUDITORS

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
Florida High School for Accelerated Learning – Metro Broward, Inc.
d/b/a Flagler High School
Broward County, 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 Florida High School for Accelerated Learning – Metro Broward, Inc. d/b/a Flagler High School (a component unit of the School Board of Broward County, Florida), (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 28, 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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

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

Report on the Financial Statements

We have audited the financial statements of Florida High School for Accelerated Learning – Metro Broward, Inc. d/b/a Flagler High School (the "School"), a component unit of the School Board of Broward County, Florida, as of and for the year ended June 30, 2016, and have issued our report thereon dated September 28, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Report

We have issued our 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*. Disclosures in that report, which is dated September 28, 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 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 Florida High School for Accelerated Learning – Metro Broward, Inc. d/b/a Flagler High School.

Financial Condition

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

Flagler High School

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
Flagler High School

Transparency

Sections 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 the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 28, 2016