

Oasis Preparatory Academy
(A Charter School under Odyssey Charter School, Inc.)

W/L# 0192

Orlando, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2016

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Oasis Preparatory Academy
(A Charter School under Odyssey Charter School, Inc.)

W/L# 0192

5200 W. South Street
Orlando, FL 32811

2015-2016

BOARD OF DIRECTORS

Leslie Maloney, President
Thomas Cole, Vice President and Treasurer
Jessicah Nichols, Secretary
Sonja White, Director
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SCHOOL ADMINISTRATION

Tabitha Woods-Jackson, Principal



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Oasis Preparatory Academy
Orlando, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Oasis Preparatory Academy (the "School"), a charter school under Odyssey Charter School, Inc., as of, and for the year ended June 30, 2016, which collectively comprises 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 of America. 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 Oasis Preparatory Academy at 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

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Oasis Preparatory Academy at June 30, 2016, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Odyssey Charter School, Inc.. These financial statements do not purport to and do not present fairly the financial position as of June 30, 2016 and its changes in financial position of Odyssey Charter School, Inc. for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 25 through 26 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.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2016

Management's Discussion and Analysis
Oasis Preparatory Academy
(A Charter School Under Odyssey Charter School, Inc.)

June 30, 2016

The corporate officers of Oasis Preparatory Academy have prepared this narrative overview and analysis of the School's financial activities for the year ended June 30, 2016.

Financial Highlights

1. The net position of the School at June 30, 2016 was \$315,053.
2. At year-end, the School had current assets on hand of \$134,556.
3. The School had an increase in net position of \$112,438 for the year ended June 30, 2016.
4. The unassigned fund balance at year end was \$80,522.

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 financial statements for the year ended June 30, 2016 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide 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, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15 - 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was \$315,053 at the close of the fiscal year. A summary of the School's net position as of June 30, 2016 and 2015 is as follows:

	2016	2015
Cash and cash equivalents	\$ 113,122	\$ 77,298
Prepaid expenses and other current assets	17,434	20,942
Due from other agencies	-	10,731
Deposit receivable	4,000	4,000
Capital Assets, net	366,014	201,399
Total Assets	<u>500,570</u>	<u>314,370</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Accrued liabilities and accounts payable	32,600	55,522
Capital Lease Obligation	2,917	6,233
Long term debt	150,000	50,000
Total Liabilities	<u>185,517</u>	<u>111,755</u>
Deferred Inflows	<u>-</u>	<u>-</u>
Net Position:		
Invested in Capital Assets	213,097	145,166
Unrestricted	101,956	57,449
Total Net Position	<u>\$ 315,053</u>	<u>\$ 202,615</u>

At the end of the year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 321,625	\$ 301,822
Lunch program	129,745	79,641
Charges for services	2,012	13,702
General Revenues		
FTE nonspecific revenues	1,286,563	1,023,649
Other revenues	28,790	12,500
Total Revenues	<u>\$ 1,768,735</u>	<u>\$ 1,431,314</u>
EXPENSES		
Instruction	\$ 873,976	\$ 556,730
Instruction-related technology	29,603	709
Instruction staff training	736	1,399
School administration	356,856	352,338
Fiscal Services	15,160	12,242
Food services	139,143	107,642
Operation of plant	233,207	196,776
Maintenance of Plant	7,436	595
Interest	180	268
Total Expenses	<u>1,656,297</u>	<u>1,228,699</u>
Increase in Net Position	112,438	202,615
Net Position at Beginning of Year	202,615	-
Net Position at End of Year	<u>\$ 315,053</u>	<u>\$ 202,615</u>

The School's revenues and expenses increased by \$337,421 and \$427,598, respectively, in the current year. The School had an increase in its net position of \$112,438 for the year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements.

In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$101,956. The fund balance is unassigned and available for spending at the School's discretion is \$80,522. These funds will be available for the School's future operations.

Achievements 2015-2016

2015-2016 was Oasis Preparatory Academy's second school year. The School had a good start in building its team of educators to serve its community children and growth in student population. The 2015-2016 school year brought a student increase of approximately 20%.

Capital Assets

The School's investment in capital assets as of June 30, 2016 amounts to \$366,014 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture, fixtures, text books and computer equipment. As of June 30, 2016, the School had long term debt totaling \$150,000 relating to capital assets.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Green Apple School Management, LLC, 1350 Wyoming Dr SE, Palm Bay, Florida 32909.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for total governmental funds (both general fund and special revenue funds) to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Federal sources	\$ 265,000	\$ 321,625	\$ 321,625
Federal lunch program	111,600	129,750	129,745
Charges for services	6,000	2,015	2,012
General Revenues			
FTE Nonspecific Revenues	1,076,307	1,286,560	1,286,563
Other revenues	36,920	28,800	28,790
Total Revenues	<u>1,495,827</u>	<u>1,768,750</u>	<u>1,768,735</u>
EXPENDITURES			
Instruction	669,123	816,325	816,318
Instruction-related technology	2,000	28,900	28,897
Instruction staff training	-	750	736
School administration	298,305	344,300	344,291
Fiscal services	20,200	15,160	15,160
Food services	117,600	133,175	135,132
Operation of plant	201,060	221,475	221,470
Maintenance of plant	2,500	7,500	7,436
Interest	-	-	180
Total Current Expenditures (before capital outlay and debt service)	1,310,788	1,567,585	1,569,620
Capital outlay	119,638	251,300	251,292
Total Expenditures	<u>\$ 1,430,426</u>	<u>\$ 1,818,885</u>	<u>\$ 1,820,912</u>

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 113,122
Prepaid expenses and other current assets	17,434
Deposits receivable	4,000
	<u>134,556</u>
Capital assets, depreciable	499,314
Less: accumulated depreciation	<u>(133,300)</u>
	366,014
	<u>500,570</u>
Total Assets	<u>500,570</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	27,463
Accounts payable	5,137
Capital lease obligation payable	2,917
Total Current Liabilities	<u>35,517</u>
Long term debt - Odyssey Charter School, Inc.	150,000
	<u>150,000</u>
	<u>185,517</u>
Total Liabilities	<u>185,517</u>
<u>Deferred Inflows of Resources</u>	
	<u>-</u>
<u>Net position</u>	
Net investment in capital assets	213,097
Unrestricted	101,956
Total Net Position	<u>\$ 315,053</u>

The accompanying notes are an integral part of this financial statement.

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Activities
For the year ended June 30, 2016

FUNCTIONS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 873,976	\$ -	\$ 321,625	\$ -	\$ (552,351)
Instructional staff training	736	-	-	-	(736)
Instructional related technology	29,603	-	-	-	(29,603)
School administration	356,856	-	-	-	(356,856)
Fiscal services	15,160	-	-	-	(15,160)
Food services	139,143	2,012	129,745	-	(7,386)
Operation of plant	233,207	-	-	-	(233,207)
Maintenance of plant	7,436	-	-	-	(7,436)
Interest	180	-	-	-	(180)
Total governmental activities	\$ 1,656,297	\$ 2,012	\$ 451,370	\$ -	\$ (1,202,915)
General revenues:					
FTE nonspecific revenues					1,286,563
Interest and other revenue					28,790
					<hr/>
Change in net position					112,438
Net position, beginning					202,615
Net position, ending					<hr/> <hr/> \$ 315,053

The accompanying notes are an integral part of this financial statement.

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Balance Sheet - Governmental Funds
June 30, 2016

	General Fund	Special Revenue	Total Governmental
		Fund	Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 113,122	\$ -	\$ 113,122
Prepaid expenses	17,434	-	17,434
Deposits receivable	4,000	-	4,000
Total Assets	<u>134,556</u>	<u>-</u>	<u>134,556</u>
<u>Deferred Outflows of Resources</u>			
	-	-	-
<u>Liabilities</u>			
Salaries and wages payable	27,463	-	27,463
Accounts payable	5,137	-	5,137
Total Liabilities	<u>32,600</u>	<u>-</u>	<u>32,600</u>
<u>Deferred Inflows of Resources</u>			
	-	-	-
<u>Fund balance</u>			
Nonspendable, not in spendable form	21,434	-	21,434
Unassigned	80,522	-	80,522
	<u>101,956</u>	<u>-</u>	<u>101,956</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 134,556</u>	<u>\$ -</u>	<u>\$ 134,556</u>

The accompanying notes are an integral part of this financial statement.

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2016

Total Fund Balance - Governmental Funds \$ 101,956

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

Capital assets of \$499,314 net of accumulated depreciation of \$133,300 used in governmental activities are not financial resources and therefore are not reported in the fund. 366,014

Long term liability which is not due and payable in the current period and, therefore, is not reported in the governmental funds. (152,917)

Total Net Position - Governmental Activities \$ 315,053

The accompanying notes are an integral part of this financial statement.

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
For the year ended June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental
Revenues:			
State passed through local	\$ 1,286,563	\$ -	\$ 1,286,563
Federal sources	-	321,625	321,625
Federal lunch program	-	129,745	129,745
Other revenue	28,790	-	28,790
Local and lunch fees	-	2,012	2,012
Total Revenues	1,315,353	453,382	1,768,735
Expenditures:			
Current			
Instruction	697,872	118,446	816,318
Instructional staff training services	736	-	736
Instructional related technology	28,897	-	28,897
School administration	340,057	4,234	344,291
Fiscal services	15,160	-	15,160
Food services	-	135,132	135,132
Operation of plant	221,470	-	221,470
Maintenance of plant	7,436	-	7,436
Capital Outlay:			
Other capital outlay	52,347	198,945	251,292
Debt Service:			
Interest	180	-	180
Total Expenditures	1,364,155	456,757	1,820,912
Excess of revenues over expenditures	(48,802)	(3,375)	(52,177)
Other financing sources:			
Long term proceeds and repayments, net	96,684	-	96,684
Transfers in and (out)	(3,375)	3,375	-
Net change in fund balance	44,507	-	44,507
Fund Balance at beginning of year	57,449	-	57,449
Fund Balance at end of year	\$ 101,956	\$ -	\$ 101,956

The accompanying notes are an integral part of this financial statement.

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2016

Net Change in Fund Balance - Governmental Funds \$ 44,507

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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$251,292 differed from depreciation expense of \$86,677. 164,615

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of \$3,316 exceeded proceeds of \$100,000 in the current period. (96,684)

Change in Net Position of Governmental Activities \$ 112,438

The accompanying notes are an integral part of this financial statement.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Oasis Preparatory Academy (the "School"), is a charter school sponsored by the School Board of Orange County, Florida (the "District"). The School's charter is held by Odyssey Charter School, Inc., a not-for profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Odyssey Charter School, Inc., which is composed of five members and also governs other charter schools. The current charter expires on June 30, 2019 and is renewable for an additional term pursuant to law or by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is located in Orlando, Florida for students from kindergarten through eighth grades and is funded by the District. These financial statements are for the year ended June 30, 2016, when 178 students were enrolled for the school year.

Basis of presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

Note 1 – Summary of Significant Accounting Policies (continued)

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 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 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.

Fund Financial Statements

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

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

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

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund.

Cash and cash equivalents

All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

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.

Long –Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$2,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	5-39 Years
Furniture, equipment, and library	3-10 Years

Revenue Sources

Revenues for operations will be received primarily from the State through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

Finally, the School may also receive Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards 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. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The School grants a specific number of sick days. Full time salary employees are entitled to one day per month to up to ten days of active work during the ten-month period. Full-time hourly employees are entitled to four days of paid leave annually. In the event that available time is not used by the end of the benefit year, employees will not be able to “rollover” unused days for use in future years. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Income Taxes

Oasis Preparatory Academy qualifies as a tax-exempt organization under 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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 29, 2016, which is the date the financial statements were available to be issued.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Net position and Fund balance classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net position of the School relate to reserves required by the landlord for property maintenance and repairs.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of the School relate to reserves required by the landlord for property maintenance and repairs. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2016:

	Balance 7/1/15	Additions	Retirements/ Reclassifications	Balance 6/30/16
Capital assets, depreciable:				
Buildings and Improvements	\$ 42,318	\$ 5,495	\$ -	\$ 47,813
Computer equipment and software	75,744	64,803	-	140,547
Furniture, equipment and textbooks	129,960	180,994	-	310,954
Total Capital Assets	<u>248,022</u>	<u>251,292</u>	<u>-</u>	<u>499,314</u>
Less Accumulated Depreciation:	<u>(46,623)</u>	<u>(86,677)</u>	<u>-</u>	<u>(133,300)</u>
Capital Assets, net	<u>\$201,399</u>	<u>\$164,615</u>	<u>\$ -</u>	<u>\$366,014</u>

For the fiscal year ended June 30, 2016, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 57,658
Food service	4,011
Instructional related technology	706
Operation of plant	11,737
School administration	12,565
Total Depreciation Expense	<u>\$ 86,677</u>

Note 3 –Management Agreement

The School uses a professional charter school management company to provide management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The School contracted with Green Apple School Management, LLC. The agreement with Green Apple School Management, LLC is for a period of five years through June 30, 2018 unless terminated, modified or renewed by the parties. The agreement between the School and the management company both called for a fee of \$500 per full time equivalent (FTE) student for the school year ended June 30, 2016. During the year ended June 30, 2016, the School incurred \$65,251 in management fees.

Green Apple School Management, LLC is located at 1350 Wyoming Drive SE, Palm Bay, Florida. The managing member is Constance Ortiz.

Note 4 –Transactions with School District and Other Divisions of Odyssey Charter School, Inc.

The School obtained three lines of credit promissory notes with Odyssey Charter School, Inc. on October 18, 2013, July 15, 2014 and August, 28, 2014 for maximum loan amounts of \$50,000; \$20,000 and \$80,000; respectively; The unpaid principal of these lines of credit shall bear simple interest at the rate of zero percent (0%) per annum. Notes shall be due and payable within five years from the time the advance is made, or by the conclusion of the initial charter term on June 30, 2018; June 30, 2019 and June 30, 2018; respectively. There shall be no penalty for early repayment of all or any part of the principal. The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2016.

	<u>Balance</u> <u>July 01, 2015</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2016</u>
Loan Payable -				
Odyssey Charter School	\$ 50,000	\$ 100,000	\$ -	\$ 150,000
	<u>\$ 50,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2016, administrative fees withheld by the School District totaled \$63,394.

Note 5 – Capital Lease

The School leases certain office equipment under capital leases with annual payments totaling approximately \$2,976 through 2017. The assets and liabilities under the capital leases are recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. Minimum future lease payments under such leases are as follows:

<u>Year ending</u>	<u>Payments</u>
2017	<u>\$ 2,976</u>
Total future minimum lease payments	2,976
Less amount representing interest	59
Present value of future minimum lease payments	<u>\$ 2,917</u>

The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2016:

	<u>Balance</u> <u>July 01, 2015</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Lease	\$ 6,233	\$ -	\$ 3,316	\$ 2,917
	<u>\$ 6,233</u>	<u>\$ -</u>	<u>\$ 3,316</u>	<u>\$ 2,917</u>

Note 6 – Deposits Policy and Credit Risk

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2016, the carrying amount of the School’s deposits was \$113,122 and the respective bank balances totaled \$204,355.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Odyssey Charter School, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Odyssey Charter School, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2016, bank balances in potential excess of FDIC coverage totaled \$204,355.

Note 7 – Commitments, Contingencies and Concentrations

On November 4, 2013, the School entered into a lease agreement with Mount Sinai Missionary Baptist Church of Orlando, Inc. for the building and premises. The lease agreement is set to expire on June 30, 2018 and may be renewed. Initial fixed and second year annual payments under this agreement based on \$600 per full time equivalent students (FTE) are approximately \$87,600; for year three based on \$625 per FTE and for year four \$700 per FTE, plus certain additional property expenses including repairs, maintenance and insurance.

Note 7 – Commitments, Contingencies and Concentrations (continued)

For 2016, the School’s rent expense totaled \$106,800.

Future minimum payments under this lease agreement are as follows:

<u>Year</u>	
2017	\$111,250
2018	\$124,600

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various federal, state and local funds which is subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

Note 9 – Defined Contribution Retirement Plan

The School sponsors a defined contribution plan for all full-time employees working 35 hours or more a week and who have been employed for at least one year. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides a matching contribution up to 3% of the employee’s compensation, after one year of employment. The School contributed to the Plan \$2,012 for the year ended June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - General fund
For the year ended June 30, 2016

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,076,307	\$ 1,286,560	\$ 1,286,563
Other revenues	36,920	28,800	28,790
Total Revenues	1,113,227	1,315,360	1,315,353
EXPENDITURES			
Current:	-	-	
Instruction	540,760	697,875	697,872
Instructional Staff Training services	-	750	736
Instructional related technology	2,000	28,900	28,897
School administration	298,305	340,050	340,057
Fiscal services	20,200	15,160	15,160
Operation of plant	201,060	221,475	221,470
Maintenance of plant	2,500	7,500	7,436
Total current expenditures	1,064,825	1,311,710	1,311,628
Excess of revenues			
Over current expenditures	48,402	3,650	3,725
Debt service:			
Interest	-	-	180
Capital outlay:			
Other capital outlay	35,000	52,350	52,347
Total Capital outlay and debt service expenditures	35,000	52,350	52,527
Total expenditures	1,099,825	1,364,060	1,364,155
Excess of revenues			
Over expenditures	13,402	(48,700)	(48,802)
Other financing sources:			
Transfers in	-	(3,400)	(3,375)
Long term advances	-	96,675	96,684
Net change in fund balance	13,402	44,575	44,507
Fund balance at beginning of year	57,449	57,449	57,449
Fund balance at end of year	\$ 70,851	\$ 102,024	\$ 101,956

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Oasis Preparatory Academy
(A charter school under Odyssey Charter School, Inc.)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund
For the year ended June 30, 2016

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 111,600	\$ 129,750	\$ 129,745
Federal sources	265,000	321,625	321,625
Lunch program fees and other revenue	6,000	2,015	2,012
Total Revenues	382,600	453,390	453,382
EXPENDITURES			
Current:			
Instruction	128,363	118,450	118,446
School administration	-	4,250	4,234
Food services	117,600	133,175	135,132
Total current expenditures	245,963	255,875	257,812
Excess of revenues Over current expenditures	136,637	197,515	195,570
Capital outlay:			
Other capital outlay	84,638	198,950	198,945
Total capital outlay and Debt service expenditures	84,638	198,950	198,945
Total expenditures	330,601	454,825	456,757
Excess of revenues Over expenditures	51,999	(1,435)	(3,375)
Other financing sources:			
Transfers in/(out)	(51,999)	1,435	3,375
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



CERTIFIED PUBLIC ACCOUNTANTS

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 of
Oasis Preparatory Academy
Orlando, 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 Oasis Preparatory Academy (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 29, 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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter dated September 29, 2016 pursuant to Chapter 10.850, Rules of the Auditor General.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2016

MANAGEMENT LETTER

To the Board of Directors of
Oasis Preparatory Academy
Orlando, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Oasis Preparatory Academy as of and for the year ended June 30, 2016 and have issued our report thereon dated September 29, 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 Reports and Schedules

We have issued our Independent Auditors' 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*. Disclosure in those reports, which are dated September 29, 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 findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Oasis Preparatory Academy.

Financial Condition

Sections 10.854(1)(e)2, Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not Oasis Preparatory Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific

Financial Condition (Continued)

condition(s) met. In connection with our audit, we determined that Oasis Preparatory Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 Oasis Preparatory Academy. It is management's responsibility to monitor Oasis Preparatory Academy 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. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether Oasis Preparatory Academy maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that Oasis Preparatory Academy maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

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

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 Florida House of Representatives, the Florida Auditor General, School Board of Orange County, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 29, 2016