



**UNITY CHARTER SCHOOL OF FORT MYERS, INC.,  
FORMERLY KNOWN AS  
FORT MYERS PREPARATORY AND FITNESS ACADEMY, INC.**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2017**

**UNITY CHARTER SCHOOL OF FORT MYERS, INC.,  
FORMERLY KNOWN AS  
FORT MYERS PREPRATORY AND FITNESS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA  
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JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Unity Charter School of Fort Myers, Inc.  
formerly known as Fort Myers Preparatory and Fitness Academy, Inc.  
a Charter School and Component Unit of  
the District School Board of Lee County, Florida  
Fort Myers, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 27–28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 9, 2017 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



Tampa, Florida  
October 9, 2017

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JUNE 30, 2017**

Our discussion and analysis of Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness Academy, Inc., a component unit and charter school of the District School Board of Lee County, Florida, (the “School”) financial program provides an overview of the School’s financial and non-financial activities for the year ended June 30, 2017. In addition, the discussion and analysis will also provide the following information:

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

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:**

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School’s financial position. Included in these statements are assets and liabilities using the accrual method of accounting.

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

The Statement of Activities presents information about the change in net position and results of operations during the most recent fiscal year. All results of operations, changes in net position, and results of operations are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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JUNE 30, 2017**

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to demonstrate compliance with finance related legal requirements and

prudent fiscal management. Fund financial statements provide more detailed information about financial activities focusing on its most significant funds. The School has reported basic services in governmental funds which focus on cash and other financial assets which can readily be converted to cash flow and balances at year-end which are available for spending.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-26 of this report.

**Government-Wide Financial Analysis:**

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

	Net Position			Net Change Increase (Decrease)
	2017	2016 As Previously Stated	2016 As Restated	
Current and other assets	\$ 244,262	\$ 52,974	\$ -	\$ 244,262
Capital assets, net of accumulated depreciation	19,273	935,344	-	19,273
Total assets	<u>263,535</u>	<u>988,318</u>	<u>-</u>	<u>263,535</u>
Current liabilities	376,986	40,556	-	376,986
Noncurrent liabilities	-	646,959	-	-
Total liabilities	<u>376,986</u>	<u>687,515</u>	<u>-</u>	<u>376,986</u>
Deferred inflows of resources	<u>-</u>	<u>913,854</u>	<u>-</u>	<u>-</u>
Net position:				
Invested in capital assets, net of related debt	19,273	935,344	-	19,273
Unrestricted	(132,724)	(1,548,395)	-	(132,724)
Total net position	<u>\$ (113,451)</u>	<u>\$ (613,051)</u>	<u>\$ -</u>	<u>\$ (113,451)</u>

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JUNE 30, 2017**

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

The School’s net position has increased due to a restatement of assets and liabilities as previously stated at June 30, 2016. The net position improved from a deficit of \$(613,051) to a deficit of \$(113,451) for total governmental functions and programs from fiscal year 2016 to fiscal year 2017.

Revenues for governmental activities totaled \$1,984,636 for the year ended June 30, 2017. The main source of revenue was from the Florida Education Finance Program (“FEFP”). FEFP revenue of \$1,667,377, which is a portion of state sources, represented approximately 84% of total revenue for the 2017 fiscal year.

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal sources	\$ 193,891	10%
State sources	1,743,383	88%
Child care	1,430	0%
Contributions	21,414	1%
Local sources	24,518	1%
Total	<u>\$ 1,984,636</u>	<u>100%</u>

Expenditures exceeded revenues during fiscal year 2017 due primarily to projected student enrollment not meeting expectations, and the high cost of facility rent and student transportation.

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JUNE 30, 2017**

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

	Changes in Net Position	
	2017	2016 As Restated
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 193,891	\$ -
Capital grants and contributions	76,006	-
Charges for service	1,430	-
General revenues:		
Unrestricted grants and contributions	1,713,309	-
Total revenues	1,984,636	-
Program expenses:		
Instruction	808,034	-
Student services	19,711	-
Food services	149,756	-
School administration	201,668	-
Central services	36,269	-
Board	200	-
Operation of plant	584,725	-
School District administration fee	82,261	-
Community services	7,383	-
Fiscal services	1,750	-
Transportation	243,830	-
Total program expenses	2,135,587	-
Increase (decrease) in net position	\$ (150,951)	\$ -

**Current Year/Prior Year Analysis:**

**Financial Analysis of Individual Funds**

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



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JUNE 30, 2017**

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

- The fund balance of the General Fund decreased in 2017 by \$160,867, from \$37,500 in 2016 as restated to \$(123,367) in 2017.
- Actual revenue in all funds in 2017 was \$1,984,636.

**Capital Assets**

- Capital assets' net book value increased during fiscal year 2017 by \$19,273 due to the net effect of the restatement of the June 30, 2016 financial statements (935,344), donated capital assets of \$21,414, and \$2,141 of depreciation expense.
- The School had no debt related to capital assets at June 30, 2017.

**Budgetary Highlights in the General Fund**

Actual revenue in the General Fund was \$1,714,739.

Instruction and other expenditures were under revenue by \$113,754.

The General Fund balance at June 30, 2017 was \$(123,367), an decrease of \$(160,867) from June 30, 2016 as restated, primarily due to the transfer of resources to other funds.

**Significant Economic Factors for the Future**

Management anticipates the student census will increase to approximately 300 students for the fiscal year ending June 30, 2018. Management has prepared a budget to reflect a projected full-time equivalent (FTE) student population of 300 students. As a result of the projected FTE the School has projected an operating surplus of \$102,000 for fiscal year ending June 30, 2017.

The School has the facility, management, staff, and curriculum in place to provide excellent educational services to students of Lee County, Florida.

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STATEMENT OF NET POSITION  
JUNE 30, 2017**

	Governmental Activities
<b><u>ASSETS</u></b>	
Cash	\$ 31,497
Accounts receivable	10,034
Due from management company	180,821
Due from other agencies	7,022
Due from related entity	2,503
Prepaid expenses	1,398
Deposits	10,987
Capital assets, net of accumulated depreciation	19,273
Total assets	\$ 263,535
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES:</b>	
Accounts payable	163,532
Payroll taxes and withholding payable	206,976
Due to other agencies	6,478
Total current liabilities	376,986
<b>NET POSITION:</b>	
Invested in capital assets	19,273
Restricted	-
Unrestricted	(132,724)
Total net position	(113,451)
Total liabilities and net position	\$ 263,535

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

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STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 808,034	\$ -	\$ -	\$ -	\$ (808,034)
Student services	19,711	-	-	-	(19,711)
Food services	149,756	-	193,891	-	44,135
School administration	201,668	-	-	-	(201,668)
Central services	36,269	-	-	-	(36,269)
Board	200	-	-	-	(200)
Operation of plant	584,725	-	-	76,006	(508,719)
School District administration fee	82,261	-	-	-	(82,261)
Community services	7,383	1,430	-	-	(5,953)
Fiscal services	1,750	-	-	-	(1,750)
Transportation	243,830	-	-	-	(243,830)
Total governmental activities	<u>\$ 2,135,587</u>	<u>\$ 1,430</u>	<u>\$ 193,891</u>	<u>\$ 76,006</u>	<u>(1,864,260)</u>
General Revenues:					
					1,667,377
					21,414
					24,518
					<u>1,713,309</u>
					(150,951)
					(613,051)
					650,551
					<u>37,500</u>
					<u>\$ (113,451)</u>

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BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash	\$ 31,497	\$ -	\$ -	\$ 31,497
Accounts receivable	10,034			10,034
Due from management company	180,821	-	-	180,821
Due from other agencies	7,022	-	-	7,022
Due from related entity	2,503	-	-	2,503
Prepaid expenses	1,398	-	-	1,398
Deposits	10,987	-	-	10,987
Total assets	<u>\$ 244,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,262</u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES:</b>				
Accounts payable	\$ 163,532	\$ -	\$ -	\$ 163,532
Payroll taxes and withholding payable	197,619	9,357	-	206,976
Due to other agencies	6,478	-	-	6,478
Total liabilities	<u>367,629</u>	<u>9,357</u>	<u>-</u>	<u>376,986</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid expenses	1,398	-	-	1,398
Deposits	10,987	-	-	10,987
Unassigned	(135,752)	(9,357)	-	(145,109)
Total fund balances	<u>(123,367)</u>	<u>(9,357)</u>	<u>-</u>	<u>(132,724)</u>
Total liabilities and fund balances	<u>\$ 244,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,262</u>

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

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 DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA  
 RECONCILIATION OF THE BALANCE SHEET OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2017**

Fund Balances - Governmental Funds	\$ (132,724)
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Amounts reported for governmental activities in the statement of net position are different because:

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

	19,273
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Total net position - Governmental activities	\$ (113,451)
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The accompanying notes to the basic financial statements are an integral part of this statement.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
<b>REVENUES:</b>				
Federal passed through local school district	\$ -	\$ 193,891	\$ -	\$ 193,891
State passed through local school district	1,667,377	-	76,006	1,743,383
Child care	1,430	-	-	1,430
Contributions	21,414	-	-	21,414
Local	24,518	-	-	24,518
Total revenues	1,714,739	193,891	76,006	1,984,636
<b>EXPENDITURES:</b>				
Current:				
Instruction	763,915	44,119	-	808,034
Student services	19,711	-	-	19,711
Food services	-	149,756	-	149,756
School administration	201,668	-	-	201,668
Central services	36,269	-	-	36,269
Board	200	-	-	200
Operation of plant	243,998	-	360,000	603,998
School District administration fee	82,261	-	-	82,261
Community services	7,383	-	-	7,383
Fiscal services	1,750	-	-	1,750
Transportation	243,830	-	-	243,830
Total expenditures	1,600,985	193,875	360,000	2,154,860
Excess (deficiency) of revenues over (under) expenditures	113,754	16	(283,994)	(170,224)
Other financing sources (uses):				
Transfers in	-	-	283,994	283,994
Transfers out	(274,621)	(9,373)	-	(283,994)
Total other financing sources (uses)	(274,621)	(9,373)	283,994	-
Net change in fund balance	(160,867)	(9,357)	-	(170,224)
Fund balance - July 1, 2016 as previously stated	(25,082)	-	-	(25,082)
Prior period adjustment	62,582	-	-	62,582
Fund balance - July 1, 2016 as restated	37,500	-	-	37,500
Fund balance - June 30, 2017	\$ (123,367)	\$ (9,357)	\$ -	\$ (132,724)

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

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2017**

Net Change in Fund Balances - Governmental Funds \$ (170,224)

Amounts reported for governmental activities in the statement of net position 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 and amortization expense. The amount by which capital outlay exceeds depreciation expense in the current period is:

19,273

Change in net position of governmental activities

\$ (150,951)

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Reporting Entity

Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness Academy, Inc., a component unit and charter school of the District School Board of Lee County, Florida (the “School”) is a not-for-profit corporation and operates as a Charter School pursuant to a Charter School Contract (the “Contract”) with the District School Board of Lee County, Florida (the “District”). Under the Contract the School provides a kindergarten through eighth grade elementary and middle school education to children who reside in Lee County, Florida. The School is governed by a Board of Directors composed of three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The current charter expires June 30, 2018. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent between the School and the District and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter’s expiration. The School contract provides in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown.

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

The School has no Internal Service Fund.

The School utilizes the following major governmental funds:

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

Capital Outlay Fund – Accounts for the proceeds of specific grants and expenditures related to the acquisition of the School’s facilities.

The School’s fund balance reporting model is designed to clarify fund balance into classifications, nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. See Note 6 for a detailed presentation of fund balance.

**Budgetary Basis of Accounting**

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

**Cash**

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

**Capital Assets**

Expenditures for capital assets acquired for School purposes are reported in Governmental Funds that financed the acquisition; whereas the acquired capital assets are capitalized (recorded) at cost in the Statement of Net Position. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School’s policy is to capitalize all capital assets having a useful life of more than one year and an initial cost of \$1,000 or greater.

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

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

	Estimated Useful Lives (years)
Furniture, fixtures and equipment	10

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

**Income Taxes**

The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions and is not subject to any Internal Revenue Service examination prior to year ending June 30, 2017.

**Use of Estimates**

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

**Revenue Sources**

Revenues for current operations are received primarily from the State of Florida passed through the District to the School pursuant to the funding provisions included in the charter. Under the provisions of Section 1011.62, Florida Statutes the number of full-time equivalent (FTE) students and related data are reported to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP).

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

Funding for the School is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the School during designated FTE student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2, Florida Statutes. For the 2016-2017 school year, the School reported 232.4 unweighted FTE. Weighted funding represents approximately 5% of total state funding.

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

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

The School, from time to time, also receives federal grant awards and State financial assistance for the enhancement of various educational programs. Federal awards and State financial assistance are generally received based on an application submitted to and approved by various granting agencies. For federal awards and state financial assistance in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Special Revenue Fund.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

#### Lease Transactions

Rent expense on operating leases is recognized on a straight-line basis over the life of the leases commencing with the date of possession.

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**NOTE 2 – CAPITAL ASSETS:**

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ -	\$ 21,414	\$ -	\$ 21,414
Total capital assets depreciated	<u>-</u>	<u>21,414</u>	<u>-</u>	<u>21,414</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	<u>-</u>	<u>(2,141)</u>	<u>-</u>	<u>(2,141)</u>
Total accumulated depreciation	<u>-</u>	<u>(2,141)</u>	<u>-</u>	<u>(2,141)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 19,273</u>	<u>\$ -</u>	<u>\$ 19,273</u>

For the year ended June 30, 2017 depreciation expense of \$2,141 was charged to the operation of plant function in the statement of activities:

**NOTE 3 - RISK MANAGEMENT:**

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

For year ending June 30, 2017 the School incurred no liability or casualty losses in excess of insurance coverage.

**NOTE 4 - REVENUE SOURCES:**

The School receives revenues for current operations primarily from the State of Florida through the District. Other revenue sources are the National School Lunch Program, before and after school care, and local and other sources as detailed in the following schedule of revenue sources and amounts:

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Sources	Governmental Fund
Federal passed through the local school district	
National School Lunch Program	\$ 193,891 *
State and local sources passed through the school district	
Florida Education Finance Program (FEFP)	1,039,165
ESE Guarantee	34,876
Additional allocation	65
SAI categorical	48,895
Safe schools	4,209
Discretionary millage	138,298
Discretionary lottery	3,922
Instructional materials	16,648
Library media materials	1,006
Class size reduction	285,134
Reading	10,287
Student transportation	57,676
Digital classrooms	4,921
Student supplement	125
Capital outlay	76,006 *
Other payments and reductions	22,150 *
Local	24,518 *
Contributions	21,414 *
Child care	1,430 *
	\$ 1,984,636

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

**NOTE 4 - REVENUE SOURCES (continued):**

The District withholds a five-percent (5%) administration fee from certain revenues. An administrative fee of \$82,261 was withheld by the District for 2017 and is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2017.

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**NOTE 5 – FUND BALANCE:**

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

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

- **Nonspendable fund balance**, generally means fund balance not expected to be converted to cash. The School has purchased certain insurance policies providing coverage beyond the current accounting period and security deposits. The prepaid expenses of \$1,398 are reported as nonspendable fund balance and deposits paid subject to certain leases of \$10,987 which are not expected to be refunded during the next fiscal year.
- **Restricted fund balance** is a portion of fund balance that constraints have been placed on the use of resources by external parties such as creditors, grantors, contributors, or laws and regulations of other governments. There is no restricted fund balance.
- **Committed fund balance** is used for a specific purpose pursuant to constraints imposed by formal action of the School's highest level of decision making authority. There is no committed fund balance.
- **Assigned fund balance** is amounts constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. Assignment ability can be delegated by the board of directors to the School's Principal. There is no assigned fund balance.
- **Unassigned fund balance** is amounts that represents fund balance amounts which have not been assigned to other classifications. The unassigned fund balance for all governmental funds is a deficit of \$(145,109).

**Spending Policies of the School**

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

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

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

**NOTE 6 – INTERFUND TRANSFERS:**

During fiscal year 2017 the General Fund transferred \$274,621 to the Capital Outlay Fund and the Special Revenue Fund transferred \$9,373 to the Capital Outlay fund as expenditures in the Capital Outlay Fund exceeded revenue.

**NOTE 7 – COMMITMENTS:**

The School leased property during the year for its administrative, cafeteria, playground and classroom space from Normark Investments, Inc. under a non-cancelable operating lease that expires June 30, 2022.

Under the terms of the lease agreement the minimum monthly lease payments are \$30,000 per month, plus utilities and insurance. Base property rental cost plus utilities and insurance for the School for the year ended June 30, 2017 was \$390,116. Future minimum base rent payments are as follows:

Fiscal Year	Base Rent
2018	\$ 360,000
2019	360,000
2020	360,000
2021	360,000
2022	360,000
Total base rent	\$ 1,800,000



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**NOTE 8 – MANAGEMENT STRUCTURE:**

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

On July 1, 2016, the School entered into an agreement (the “Agreement”) with S.T.E.P Education Management Services, Inc. (S.T.E.P), a Florida corporation, to facilitate the continuation of the School by performing certain functions relating to the provision of educational services and the management and operation of the School in accordance with enrollment, age, and grade level specifications for the School. The Agreement may be terminated with cause by either party upon a sixty-day notice of material breach, as defined in the contract. The Agreement will automatically renew for a period equal to the charter school agreement extension with the District, unless written notice to terminate by either party is received one year prior to the expiration date of the Agreement.

S.T.E.P shall be responsible for the following services: 1) implementation and administration of the educational program, 2) management of all personnel functions, 3) sound financial operation of the School, 4) business administration of the School, and 5) installation of necessary technology. The annual management fee for these services is 14% of all sources of gross receipts of the School excluding borrowings undertaken by the School.

The management fee is calculated from revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2017 as follows:

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**NOTE 8 – MANAGEMENT STRUCTURE (continued):**

	Governmental Funds
REVENUES:	
Federal passed through local school district	\$ 193,891
State passed through local school district	1,743,383
Child care	1,430
Local	24,518
Contributions	21,414
Total revenues	1,984,636
Management fee (14% of revenue)	\$ 277,849

The management fee, per the Agreement, of \$277,849 has been forgiven and no management fee is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the year ended June 30, 2017. During the year S.T.E.P incorrectly received \$180,821 in management fees. Those management fees are to be reimbursed to the School and are reported on the Statement of Net Position and the Balance Sheet as a due from management company.

**NOTE 9 – PRIOR PERIOD ADJUSTMENT:**

Certain errors resulting in a misstatement of the following balance sheet amounts at June 30, 2016 were discovered by management during fiscal year 2017. Accordingly, adjustments totaling \$613,051 were recorded to restate net position and adjustments totaling \$25,082 were recorded to restate fund balances as of the beginning of fiscal year 2017. The effect of the restatement of net position and fund balances at July 1, 2016 on changes in net position and changes in fund balances for fiscal year ending June 30, 2016 is not determinable.

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**NOTE 9 – PRIOR PERIOD ADJUSTMENT (continued):**

The prior period adjustments consist of the following:

	Net Position Effect Increase (Decrease)
Accounts receivable	\$ (6,834)
Prepaid expenses	(8,640)
Deposits	(37,500)
Capital assets, net	(935,344)
Other current liabilities	40,556
Due to management company	646,959
Deferred tenant allowance	913,854
Total net position effect	\$ 613,051

	Fund Balance Effect Increase (Decrease)
Accounts receivable	\$ (6,834)
Prepaid expenses	(8,640)
Other current liabilities	40,556
Total fund balances effect	\$ 25,082

**NOTE 10 – DEFICITS:**

The School's unassigned fund balance is a deficit \$(145,109) and total fund balance is a deficit \$(132,724) as of June 30, 2017. The net position as of June 30, 2017 is a deficit \$(113,451). The deficit fund balance is partially a direct result of the School being unable to identify or obtain the rights and obligations to the assets, liabilities, and fund balance as reported in the audited financial statements for year ending June 30, 2016 and issued on October 28, 2016, and net position has improved as a result of assets and liabilities as reported in the audited financial statements for year ending June 30, 2016 and issued on October 28, 2016. These events resulted in a prior period adjustment which improves the net position by \$499,600, and fund balances continued to decline by \$107,642 due to expenditures exceeding revenue.

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**NOTE 10 – DEFICITS (continued):**

In response to the deficit net position and deficit fund balances management of the School plans to improve operations include continued commitment to focus on controllable overhead and other costs. Management continues to monitor labor and other costs to closely match revenue demand, has increased the student population for fiscal year 2018 by approximately seventy (70) students and anticipates FEFP funding to increase by approximately \$375,000, is renegotiating the lease, reducing student transportation costs, and has prepared a budget based on historical experience for fiscal year 2018. The corrective action described above is projected to return the School to financial stability in the School's proposed fiscal year 2018 budget. In early fiscal year 2018, the School is experiencing positive trends in student population and increases in funding from the District and believe that the reduction in overhead costs will allow the School to return to positive operating results and cash flow trends from the increase in FEFP funding.

**NOTE 11 – SUBSEQUENT EVENTS:**

Management has evaluated all events subsequent to the balance sheet date of June 30, 2017 through October 9, 2017, which is the date these financial statements were available to be issued. Management has determined there are no subsequent events which require disclosure.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS (Unaudited)  
JUNE 30, 2017**

	Governmental Funds							
	General Fund				Special Revenue Fund			
	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>								
Federal passed through the School District of Lee County	\$ -	\$ -	\$ -	\$ -	\$ 313,860	\$ 313,860	\$ 193,891	\$ (119,969)
State and local sources passed through the School District of Lee County	-	-	-	-	-	-	-	-
Capital Outlay Funding (PECO)	2,513,150	2,513,150	1,667,377	(845,773)	-	-	-	-
Child care	-	-	1,430	1,430	-	-	-	-
Local Contributions	175,000	175,000	24,518	(150,482)	2,945	2,945	-	(2,945)
Other	-	-	21,414	21,414	-	-	-	-
	-	-	-	-	-	-	-	-
Total revenues	<u>2,688,150</u>	<u>2,688,150</u>	<u>1,714,739</u>	<u>(973,411)</u>	<u>316,805</u>	<u>316,805</u>	<u>193,891</u>	<u>(122,914)</u>
<b>Expenditures:</b>								
Instruction	1,105,174	1,105,174	763,915	341,259	162,160	162,160	44,119	118,041
Instructional staff training	3,000	3,000	-	3,000	-	-	-	-
Student services	24,500	24,500	19,711	4,789	-	-	-	-
Food services	-	-	-	-	162,349	162,349	149,756	12,593
School administration	171,557	171,557	201,668	(30,111)	-	-	-	-
Central services	8,250	8,250	36,269	(28,019)	-	-	-	-
Board	14,000	14,000	200	13,800	-	-	-	-
Operation of plant	293,273	293,273	243,998	49,275	-	-	-	-
Technology services	23,000	23,000	-	23,000	-	-	-	-
School District administration fees	-	-	82,261	(82,261)	-	-	-	-
Community services	27,541	27,541	7,383	20,158	-	-	-	-
Fiscal services	510,574	510,574	1,750	508,824	-	-	-	-
Transportation	90,000	90,000	243,830	(153,830)	-	-	-	-
Debt service:								
Principal	25,000	25,000	-	25,000	-	-	-	-
Interest	6,000	6,000	-	6,000	-	-	-	-
Total expenditures	<u>2,301,869</u>	<u>2,301,869</u>	<u>1,600,985</u>	<u>700,884</u>	<u>324,509</u>	<u>324,509</u>	<u>193,875</u>	<u>130,634</u>
Revenue over (under) expenses	386,281	386,281	113,754	(272,527)	(7,704)	(7,704)	16	7,720
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(274,621)	(274,621)	-	-	(9,373)	-
Net change in fund balance	<u>\$ 386,281</u>	<u>\$ 386,281</u>	<u>(160,867)</u>	<u>\$ (547,148)</u>	<u>\$ (7,704)</u>	<u>\$ (7,704)</u>	<u>(9,357)</u>	<u>\$ 7,720</u>
Fund balance as restated - July 1, 2016			37,500				-	
Fund balance - June 30, 2017			<u>\$ (123,367)</u>				<u>\$ (9,357)</u>	

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

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS (Unaudited)  
JUNE 30, 2017**

Governmental Funds							
Capital Outlay Fund				Total Governmental Funds			
Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 313,860	\$ 313,860	\$ 193,891	\$ (119,969)
-	-	-	-	-	-	-	-
-	-	-	-	2,513,150	2,513,150	1,667,377	(845,773)
38,347	38,347	76,006	37,659	38,347	38,347	76,006	37,659
-	-	-	-	-	-	1,430	1,430
-	-	-	-	177,945	177,945	24,518	(153,427)
-	-	-	-	-	-	21,414	21,414
-	-	-	-	-	-	-	-
38,347	38,347	76,006	37,659	3,043,302	3,043,302	1,984,636	(1,058,666)
-	-	-	-	1,267,334	1,267,334	808,034	459,300
-	-	-	-	3,000	3,000	-	3,000
-	-	-	-	24,500	24,500	19,711	4,789
-	-	-	-	162,349	162,349	149,756	12,593
-	-	-	-	171,557	171,557	201,668	(30,111)
-	-	-	-	8,250	8,250	36,269	(28,019)
-	-	-	-	14,000	14,000	200	13,800
385,000	385,000	360,000	25,000	678,273	678,273	603,998	74,275
-	-	-	-	23,000	23,000	-	23,000
-	-	-	-	-	-	82,261	(82,261)
-	-	-	-	27,541	27,541	7,383	20,158
-	-	-	-	510,574	510,574	1,750	508,824
-	-	-	-	90,000	90,000	243,830	(153,830)
-	-	-	-	25,000	25,000	-	25,000
-	-	-	-	6,000	6,000	-	6,000
385,000	385,000	360,000	25,000	3,011,378	3,011,378	2,154,860	856,518
(346,653)	(346,653)	(283,994)	62,659	31,924	31,924	(170,224)	(202,148)
-	-	283,994	(283,994)	-	-	283,994	283,994
-	-	-	-	-	-	(283,994)	(283,994)
<u>\$ (346,653)</u>	<u>\$ (346,653)</u>	<u>-</u>	<u>\$ (346,653)</u>	<u>\$ 31,924</u>	<u>\$ 31,924</u>	<u>(170,224)</u>	<u>\$ (202,148)</u>
		-				37,500	
		<u>\$ -</u>				<u>\$ (132,724)</u>	

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



## **REGULATORY REPORTS**

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

To the Board of Directors  
Unity Charter School of Fort Myers, Inc.,  
formerly known as Fort Myers Preparatory Academy, Inc.  
a Charter School and Component Unit of  
the District School Board of Lee County, Florida  
Fort Myers, 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 Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida, (the "School") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 9, 2017.

**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.

A handwritten signature in cursive script that reads "Sattler & Company P.A.".

Tampa, Florida  
October 9, 2017

## MANAGEMENT LETTER

To the Board of Directors  
Unity Charter School of Fort Myers, Inc.,  
formerly known as Fort Myers Preparatory and Fitness Academy, Inc.,  
a Charter School and Component Unit of the  
District School Board of Lee County, Florida

### Report on the Financial Statements

We have audited the basic financial statements of Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida (the “School”), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 9, 2017.

### Auditor’s Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 9, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

## **Official Title**

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

## **Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness Academy, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition met. In connection with our audit, we determined that Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness School, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida failed to transfer at the appropriate time, due to lack of funds: 1. taxes withheld on the income of employees; and 2. employer and employee contributions for Federal Social Security and Federal Medicare.

Pursuant to Sections 10.854(1)(e) 6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness School, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida. It is management's responsibility to monitor Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness School, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida'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.

Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit we have made recommendations. See Exhibit A of this letter.

## **Transparency**

Section 10.854(1)(e)7. and 10.855(13) Rules of the Auditor General, require that we apply appropriate procedures to determine whether Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness School, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida, Florida maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Unity Charter School of Fort Myers, Inc., formerly known as Fort Myers Preparatory and Fitness School, Inc., a Charter School and Component Unit of the District School Board of Lee County, Florida

did not maintain on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 District School Board of Lee County, Florida, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Sottile & Company P.A.  
Tampa, Florida  
October 9, 2017

**UNITY CHARTER SCHOOL OF FORT MYERS, INC.,  
FORMERLY KNOWN AS  
FORT MYERS PREPRATORY AND FITNESS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA  
JUNE 30, 2017**

**EXHIBIT A**

**Finding 2017-01**

Criteria or Specific Requirement

Reconciliation of Balance Sheet accounts.

Condition and context

Accounting tasks such as monthly reconciliations, cross checks, and reviews play a key role in proving the accuracy of accounting data and financial information that comprise interim and year-end financial statements.

Effect

Checks issued to employees of Unity Charter School of Fort Myers in September and October 2016 had not cleared the bank as of June 30, 2017 without resolving the question of why.

Expenses which were not recorded due to a shortage of sufficient cash were not recorded on the accrual basis of accounting.

Cause

School personnel do not maintain proper supporting schedules and filing systems.

Recommendation

We strongly suggest that Unity Charter School of Fort Myers establish effective review and reconciliation policies and procedures as a customary part of the accounting process.

Views of Responsible Officials and Planned Corrective Actions

We agree with the auditor's comments and recommendations. The following action(s) will take place to improve the current state. We will review and make any revisions necessary to all accounting policies and procedures by October 31<sup>st</sup>, 2017. Revised policies and procedures will be made available to all necessary personnel. We will communicate significant changes to all affected personnel immediately to ensure they are aware of any revisions to their duties and responsibilities.

**UNITY CHARTER SCHOOL OF FORT MYERS, INC.,  
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DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA  
JUNE 30, 2017**

**Finding 2017-02**

Criteria or Specific Requirement

Supporting documentation for transactions.

Condition and context

There were various missing supporting documents that we noted during our work.

Effect

Missing accounting records such as these, while typically indicative of general disorganization, can be a flag of a much more severe issue such as potential fraud or other such abuse.

Cause

School personnel do not maintain proper supporting schedules and filing systems.

Recommendation

This information is of the utmost importance to the accounting process and its loss or misplacement simply should not occur and should not be tolerated.

Views of Responsible Officials and Planned Corrective Actions

We agree with the auditor's comments and recommendations. The following action(s) will take place to improve the current state. Unity Charter School of Fort Myers will maintain more accurate records by limiting the amount of cash the school collects. The School will accept credit cards as a form of payment instead of only accepting cash. This will minimize the cash management in the school and create an additional, and more accurate, record of each transaction. Moreover, all payments will go directly to the school's account.

The management company will immediately notify the Florida Department of Agriculture & Consumer Services, as administrator for the National School Lunch Program, to submit payment of school lunch and breakfast reimbursements directly to Unity Charter School of Fort Myers and terminate the reimbursements directly to the management company as is the current procedure.



**UNITY CHARTER SCHOOL OF FORT MYERS, INC.,  
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DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA  
JUNE 30, 2017**

**Finding 2017-03**

Criteria or Specific Requirement

Unreasonable delays by the management company in the overall audit process.

Condition and context

We experienced significant difficulties in the performance of the audit due to unreasonable delays by the management company in the overall audit process to include significant delays in responding to initial request for documents, schedules, and non-financial information.

Effect

These unreasonable delays, such as a lack of responsiveness to audit inquiries and a general unavailability of management, significantly added to the time and related cost of the audit.

Cause

General disorganization.

Recommendation

Although we ultimately received full cooperation of the management company and believe that we were given direct and unrestricted access to the School's officers, the delays caused the audit to be completed approximately forty days after the due date in the Charter Agreement and the School District advised there was a concern for future funding. We recommend the board of directors hold the management company responsible to meet contractual deadlines.

Views of Responsible Officials and Planned Corrective Actions

We agree with the auditor's comments and recommendations. The following action(s) will take place to improve the current state. The Management Company will respond to requests for reports and/or documents in a timely manner. The Management Company will work closely with, and provide all school's financial documents and access to the school's bank account(s) login information to the School's governing board president, and treasurer. The Management Company will be held accountable for all duties and responsibilities as per the Management Contract.