



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

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2018**

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
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JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida (the "School") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida, as of June 30, 2018, 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 26–27 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 8, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



Tampa, Florida  
October 8, 2018

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

Our discussion and analysis of Community Charter School of Excellence, Inc., a Component Unit and Charter School of the School District of Hillsborough County, Florida, (the “School”) financial program provides an overview of the School’s financial and non-financial activities for the year ended June 30, 2018. 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, liabilities, and net position using the accrual method of accounting.

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

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

**Fund Financial Statements**

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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

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

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-25 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		
	2018	2017	Net Change Increase (Decrease)
Current and other assets	\$ 107,072	\$ 60,369	\$ 46,703
Capital assets, net of accumulated depreciation	873,226	-	873,226
Total assets	980,298	60,369	919,929
Current liabilities	149,903	114,535	35,368
Noncurrent liabilities	735,000	-	735,000
Total liabilities	884,903	114,535	770,368
Net assets:			
Invested in capital assets, net of related debt	138,226	-	138,226
Restricted	-	-	-
Unrestricted	(42,831)	(54,166)	11,335
Total net position	\$ 95,395	\$ (54,166)	\$ 149,561

The School's net position has increased due to donations from the landlord and grants from private sources.

At the beginning of fiscal year 2016 the School entered into a new five-year charter agreement with the District which terminates June 30, 2021.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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

Revenues for governmental activities totaled \$1,999,716 for the year ended June 30, 2018. The main source of revenue was from the Florida Education Finance Program (“FEFP”).

FEFP revenue of \$1,407,163 and Capital Outlay of \$54,131, which is passed through the District, represented approximately 73% of total revenue for the 2018 fiscal year.

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal sources		
Title I funding	\$ 131,000	7%
National School Lunch Program	124,364	6%
State sources	1,461,537	73%
Contributions and donations	258,038	13%
Local sources	24,777	1%
Total	<u>\$ 1,999,716</u>	<u>100%</u>

Revenue increased during the year by \$407,904, primarily due to grants and contribution from private sources of \$258,038, an increase in FEFP funding of \$96,119, and the Local Capital improvement Tax of \$20,263.

Expenditures increased during the year by \$1,031,916 due primarily to acquisition of capital assets for leasehold improvements of \$957,185 and higher instruction costs of \$69,304.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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

	<u>Changes in Net Position</u>		
	<u>2018</u>	<u>2017</u>	<u>Net Change Increase (Decrease)</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 255,364	\$ 211,505	\$ 43,859
Capital grants and contributions	54,131	56,123	(1,992)
General Revenues:			
Unrestricted grants and contributions	1,690,221	1,324,184	366,037
Total revenues	<u>1,999,716</u>	<u>1,591,812</u>	<u>407,904</u>
Program expenses:			-
Instruction	911,625	842,321	69,304
Student personnel services	19,157	54,445	(35,288)
Food services	135,968	106,133	29,835
School administration	227,575	223,702	3,873
Central services	8,105	4,925	3,180
Operation of plant	334,271	287,434	46,837
Maintenance of plant	51,255	74,005	(22,750)
Board	6,670	16,450	(9,780)
School District administration fee	68,945	61,614	7,331
Fiscal services	40,825	44,808	(3,983)
Transportation	27,556	18,539	9,017
Community services	2,400	-	2,400
Interest	15,803	-	15,803
Total program expenses	<u>1,850,155</u>	<u>1,734,376</u>	<u>115,779</u>
Increase (decrease) in net assets	<u>\$ 149,561</u>	<u>\$ (142,564)</u>	<u>\$ 292,125</u>



**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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

**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.

- The fund balance of the General Fund decreased in 2018 by \$(5,237), from \$(37,594) to \$(42,831).
- Actual revenue in all funds increased in 2018 by approximately \$407,904, from \$1,591,812 in 2017 to \$1,999,716 in 2018.

**Capital Assets**

- Capital assets' net book value increased by \$873,226 during the year due to the net effect of the addition of \$957,185, and \$83,959 of depreciation expense.

**Borrowings**

- The School borrowed \$735,000 during fiscal year 2018 to fund the acquisition of leasehold improvements.

**Budgetary Highlights in the General Fund**

Actual revenue in the General Fund was \$1,447,781.

Revenues exceeded instruction and other expenditures by approximately \$126,093.

The General Fund balance at June 30, 2018 was \$(42,831), a decrease of \$(5,237) from June 30, 2017 due to transfers to other funds.

**Significant Economic and Non-Economic Factors for the Future**

Management has prepared a budget to reflect an enrollment of 290 students and has projected a gain for fiscal year ending June 30, 2019 of \$86,929. The School has a new principal for fiscal year 2019. The principal has a doctorate degree in educational administration and has been an educator for more than sixteen years.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Governmental Activities
<b><u>ASSETS</u></b>	
<b>ASSETS:</b>	
Cash	\$ 42,585
Accounts receivable	2,163
Deposits	62,324
Capital assets, net of accumulated depreciation	873,226
Total assets	\$ 980,298
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES:</b>	
Accounts payable and accrued expenses	\$ 137,263
Accrued payroll and related liabilities	12,640
Noncurrent liabilities:	
Portion due after one year:	
Note payable	735,000
Total liabilities	884,903
<b>NET POSITION:</b>	
Invested in capital assets, net of related debt	138,226
Restricted	-
Unrestricted	(42,831)
Total net position	\$ 95,395

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 911,625	\$ -	\$ 131,000	\$ -	\$ (780,625)
Student personnel services	19,157	-	-	-	(19,157)
Food services	135,968	-	124,364	-	(11,604)
School administration	227,575	-	-	-	(227,575)
Central services	8,105	-	-	-	(8,105)
Operation of plant	334,271	-	-	54,131	(280,140)
Maintenance of plant	51,255	-	-	-	(51,255)
Board	6,670	-	-	-	(6,670)
School District administration fee	68,945	-	-	-	(68,945)
Fiscal services	40,825	-	-	-	(40,825)
Transportation	27,556	-	-	-	(27,556)
Community services	2,400	-	-	-	(2,400)
Interest	15,803	-	-	-	(15,803)
Total governmental activities	<u>\$ 1,850,155</u>	<u>\$ -</u>	<u>\$ 255,364</u>	<u>\$ 54,131</u>	<u>(1,540,660)</u>
General Revenues:					
					1,407,406
					258,038
					24,777
					<u>1,690,221</u>
					149,561
					<u>(54,166)</u>
					<u>\$ 95,395</u>

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS:</b>					
Cash	\$ 42,585	\$ -	\$ -	\$ -	\$ 42,585
Accounts receivable	2,163	-	-	-	2,163
Total current assets	<u>44,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,748</u>
<b>OTHER ASSETS:</b>					
Deposits	62,324	-	-	-	62,324
Total assets	<u>\$ 107,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,072</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 137,263	-	\$ -	\$ -	\$ 137,263
Accrued payroll and related liabilities	12,640	-	-	-	12,640
Total current liabilities	<u>149,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,903</u>
<b>FUND BALANCES:</b>					
Nonspendable					
Deposits	62,324	-	-	-	62,324
Unassigned	(105,155)	-	-	-	(105,155)
Total fund balances	<u>(42,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,831)</u>
Total liabilities and fund balances	<u>\$ 107,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,072</u>

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Fund Balances - Governmental Funds	\$ (42,831)
Amounts reported for governmental activities in the statement of net position are different because:	
Long term liabilities are not due in the current period and accordingly, are not reported as fund liabilities.	(735,000)
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	<u>873,226</u>
Total net position - Governmental activities	<u><u>\$ 95,395</u></u>

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>					
Federal passed through local school district	\$ -	\$ 255,364	\$ -	\$ -	\$ 255,364
State passed through local school district	1,407,406	-	-	54,131	1,461,537
Local sources:					
Contributions and donations	35,861	-	-	222,177	258,038
Local capital improvement tax	-	-	-	20,263	20,263
Child care	37	-	-	-	37
Other	4,477	-	-	-	4,477
Total revenues	1,447,781	255,364	-	296,571	1,999,716
<b>EXPENDITURES:</b>					
Current:					
Instruction	771,969	139,656	-	-	911,625
Student personnel services	19,157	-	-	-	19,157
Food services	-	135,968	-	-	135,968
School administration	227,575	-	-	-	227,575
Central services	8,105	-	-	-	8,105
Operation of plant	97,231	-	-	-	97,231
Maintenance of plant	51,255	-	-	-	51,255
Board	6,670	-	-	-	6,670
School District administration fee	68,945	-	-	-	68,945
Fiscal services	40,825	-	-	-	40,825
Transportation	27,556	-	-	-	27,556
Community services	2,400	-	-	-	2,400
Capital outlay:					
Facilities acquisition and construction	-	-	-	1,110,266	1,110,266
Debt service:					
Principal retirement	-	-	15,500	-	15,500
Interest	-	-	15,803	-	15,803
Total expenditures	1,321,688	275,624	31,303	1,110,266	2,738,881
Excess (deficiency) of revenues over (under) expenditures	126,093	(20,260)	(31,303)	(813,695)	(739,165)
Other financing sources (uses):					
Loan proceeds	-	-	735,000	-	735,000
Transfers in	-	21,332	-	813,695	835,027
Transfers out	(131,330)	-	(703,697)	-	(835,027)
Total other financing sources (uses)	(131,330)	21,332	31,303	813,695	735,000
Net change in fund balance	(5,237)	1,072	-	-	(4,165)
Fund balance - July 1, 2017	(37,594)	(1,072)	-	-	(38,666)
Fund balance - June 30, 2018	\$ (42,831)	\$ -	\$ -	\$ -	\$ (42,831)

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
JUNE 30, 2018**

Net Change in Fund Balances - Governmental Funds	\$	(4,165)
Amounts reported for governmental activities in the statement of net position are different because:		
Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in note payable.		(735,000)
Repayment of long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.		15,500
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		<u>873,226</u>
Change in net position of governmental activities	\$	<u><u>149,561</u></u>

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Reporting Entity

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

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

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

Basis of Presentation

Government-Wide Financial Statements

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



**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

**Fund Financial Statements**

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

The School has no Internal Service Fund.

The Academy utilizes the following major governmental funds:

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

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

Debt Service Fund – Accounts for the accumulation of resources for, and payment of long-term debt including principal, interest, and related costs.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
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**JUNE 30, 2018**

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

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

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

**Budgetary Basis of Accounting**

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

**Cash**

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

**Accounts Receivable**

Accounts receivable are stated at amounts expected to be collected. At June 30, 2018 accounts receivable were determined to be fully collectable; therefore, no allowance for doubtful accounts was considered necessary.

**Capital Assets**

Expenditures for capital assets acquired for School purposes are reported in Governmental Funds that financed the acquisition; whereas the acquired capital assets are capitalized (recorded) at cost in the Statement of Net Position. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School's

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JUNE 30, 2018**

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

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

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

	Estimated Useful Lives (years)
Furniture	7
Office equipment	6
Computer equipment	3
Improvements other than buildings	5
Leasehold improvements	7.5
Vehicles	2 - 8

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

**Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund Balance Flow Assumptions**

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted sources (the total of restricted, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the Academy’s fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy’s procedure to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of

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

unrestricted fund balance can be used for the same purpose, assigned fund balance is depleted first followed by unassigned fund balance.

**Fund Balance/Net Position**

In the fund financial statements, governmental funds report constraints on the use of fund balance for amounts that are not spendable, are legally restricted by outside parties for use for a specific purpose, or have self-imposed constraints for use for a specific purpose. The finance officer has the authority to deviate from this policy if it is in the best interest of the Academy.

Net position in the government-wide financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, law and regulations of other governments, or imposed by law through State statute.

**Income Taxes**

The School is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The School has evaluated its tax position for all open tax years and has not identified any uncertain tax positions and is not subject to any Internal Revenue Service examination prior to year ending June 30, 2016.

**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). Funding for the School is adjusted during the year to reflect revised calculations by the

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JUNE 30, 2018**

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

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 2017-2018 school year, the School, reported 208.50 unweighted FTE.

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

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 2 – CAPITAL ASSETS:**

Capital assets activity for the year ended June 30, 2018 is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets depreciated:				
Leasehold improvements	\$ 116,072	\$ 957,185	\$ (116,072)	\$ 957,185
Furniture, fixtures and equipment	138,193	-	-	138,193
Library	4,772	-	-	4,772
Vehicles	9,400	-	-	9,400
Total capital assets depreciated	<u>268,437</u>	<u>957,185</u>	<u>(116,072)</u>	<u>1,109,550</u>
Less accumulated depreciation:				
Leasehold improvements	(116,072)	(83,959)	116,072	(83,959)
Furniture, fixtures and equipment	(138,193)	-	-	(138,193)
Library	(4,772)	-	-	(4,772)
Vehicles	(9,400)	-	-	(9,400)
Total accumulated depreciation	<u>(268,437)</u>	<u>(83,959)</u>	<u>116,072</u>	<u>(236,324)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 873,226</u>	<u>\$ -</u>	<u>\$ 873,226</u>

For the year ended June 30, 2018 depreciation expense of \$83,959 was charged to the operation of plant function.

**NOTE 3 - RISK MANAGEMENT:**

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

For year ending June 30, 2018, the School incurred no liability or casualty losses in excess of insurance coverage.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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**NOTE 4 - REVENUE SOURCES:**

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

<u>Sources</u>	<u></u>	<u></u>
State and local sources passed through the School District of Hillsborough County:		
Base student allocation	\$	932,475
Discretionary local efforts		63,847
Discretionary lottery		367
ESE guaranteed		37,949
Additional allocation		248
Proration of funds		150
Safe schools		3,394
Teacher lead program		243 *
Instruction materials		16,215
Transportation		28,253 *
Class size reduction (K-3)		112,631
Class size reduction (4-8)		122,137
Reading allocation		8,865
Supplemental academic instruction		40,505
Digital classroom		3,742
Discretionary millage		36,385
Capital outlay funding		54,131 *
Local Capital improvement tax		20,263 *
		<hr/>
Total state and local sources reported in the general fund	\$	<u>1,481,800</u>

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

An administrative fee, equivalent to 5% of the funding reported in the schedule above, was withheld by the District totaling \$68,945. The administrative fee of \$68,945 is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and Statement of Activities for the year ended June 30, 2018.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – FUND BALANCE:**

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

Nonspendable Fund Balance

Generally means assets not expected to be converted to cash.

The School has paid a retainer for professional services on an annual basis including periods that extend beyond the current period. The School has paid deposits for certain lease agreements. The nonspendable fund balance of \$62,324 is reported as deposits on the balance sheet.

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

- **Nonspendable fund balance** generally means fund balance not expected to be converted to cash. The School has paid a retainer for certain professional services to be provided beyond the current accounting period and certain leases. Deposits paid subject to professional services retainers and certain leases of \$62,324 are not expected to be refunded during the next fiscal year.
- **Restricted fund balance** is a portion of fund balance that constraints have been placed on the use of resources by external parties such as creditors, grantors, contributors, or laws and regulations of other governments. There is no restricted fund balance.
- **Committed fund balance** is used for a specific purpose pursuant to constraints imposed by formal action of the School's highest level of decision making authority. There is no committed fund balance.
- **Assigned fund balance** is amounts constrained by the Academy's intent to be used for specific purposes, but are neither restricted nor committed. Assignment ability can be delegated by the board of directors to the School's Principal. There is no assigned fund balance.
- **Unassigned fund balance** is the lowest classification for the General Fund. This is fund balance that has not been reported in any other classification. The unassigned fund balance at June 30, 2018 is \$(105,155).

Spending Policies of the School

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



**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2018**

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

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

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

**NOTE 6 – INTERFUND TRANSFERS:**

During fiscal year 2018 the General Fund transferred \$21,332 to the Special Revenue Fund to account for the deficiency of revenues under expenditures for Title I and food service programs, and the General Fund transferred \$109,998 to the Capital Projects Fund; and the Debt Service Fund transferred \$703,697 to the Capital Projects Fund to account for facilities acquisition and construction costs.

**NOTE 7 – RETIREMENT PLAN:**

There is currently no retirement plan available.

**NOTE 8 – LONG TERM DEBT:**

The School entered into two promissory notes on April 26, 2017, in the amounts of \$200,000 and \$ 355,000 with Boukalis Development of Tampa, L.L.C. for the purpose of financing leasehold improvements to the new school facility. The promissory notes carry an annual interest rate of 5% on outstanding balances. The principle will be paid from amounts received annually through the Hillsborough County School District for Capital Outlay and fifty percent (50%) of FEFP revenue in excess of two-hundred-ninety (290) unweighted FTE students. During fiscal year 2018 an additional loan of 180,000 was committed to the School for leasehold improvements.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2018**

**NOTE 8 – LONG TERM DEBT (continued):**

As of June 30, 2018, \$735,000 had been drawn against these facilities. Future payments of principal and interest could not be determined and no payments of principal and accrued interest have been repaid as of June 30, 2018, the balance sheet date, and through October 8, 2018, the date these financial statements were available to be issued.

**NOTE 9 – COMMITMENTS:**

The School leased property during the year for its administrative, library, cafeteria and classroom space from Validus Group Partners Limited under a non-cancelable operating lease that expires July 31, 2017. The lease was extended on a month to month basis through December 31, 2017. Under the terms of the lease agreement for fourteen thousand nine hundred twenty-three (14,923) square feet of administrative, library, cafeteria, and classroom space, the minimum monthly lease payments were \$13,194 per month, plus approximately \$3,000 per month for maintenance and utilities. During fiscal year 2018 the School paid Validus Group Partners Limited 65,972 in base rent.

On April 26, 2017 the School entered into a lease agreement with Boukalis Development of Tampa, L.L.C. (a Florida Limited Liability Company), for 34,718 square feet of classroom, administrative, and cafeteria space to begin on January 1, 2018. The lease allows for two renewal options of seven years. Monthly lease payments range from \$15,500 to \$34,776 over the initial term of the lease. During fiscal year 2018 the School paid Boukalis Development of Tampa \$93,000 base rent. Future annual amounts due for base rent are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 317,149
2020	326,663
2021	336,463
2022	361,677
2023	387,626
Thereafter	1,019,143
	<u>\$ 2,748,721</u>

The School leases electronic devices which expire April 2022. The required monthly payments are \$756.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2018**

**NOTE 9 – COMMITMENTS (continued):**

Future minimum lease payments under these operating lease agreements are:

<u>Fiscal Year</u>	<u>Amount</u>
2019	9,078
2020	9,078
2021	9,078
2022	7,564
	<u>\$ 34,798</u>

**NOTE 9 – MANAGEMENT STRUCTURE:**

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

**NOTE 10 – SUBSEQUENT EVENTS:**

Management has evaluated all events subsequent to the balance sheet date of June 30, 2018 through October 8, 2018, which is the date these financial statements were available to be issued. Management has determined there are no subsequent events which required adjustments to the financial statements or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	Governmental Funds							
	General Fund				Special Revenue Fund			
	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>								
Federal passed through the School District of Hillsborough County	\$ -	\$ 203,450	\$ -	\$ (203,450)	\$ -	\$ -	\$ 255,364	\$ 255,364
State and local sources passed through the School District of Hillsborough County	1,406,523	1,000,000	1,407,406	407,406	-	400,000	-	(400,000)
<b>Local sources:</b>								
Contributions and donations	-	-	35,861	35,861	-	-	-	-
Local capital improvement tax	-	-	-	-	-	-	-	-
Child Care	-	-	37	37	-	-	-	-
Other	-	-	4,477	4,477	-	6,089	-	(6,089)
Total revenues	<u>1,406,523</u>	<u>1,203,450</u>	<u>1,447,781</u>	<u>244,331</u>	<u>-</u>	<u>406,089</u>	<u>255,364</u>	<u>(150,725)</u>
<b>Expenditures:</b>								
Instruction	845,946	845,945	771,969	73,976	-	56,583	139,656	(83,073)
Student personnel services	32,400	-	19,157	(19,157)	-	-	-	-
Food services	-	-	-	-	-	160,577	135,968	24,609
School administration	169,732	207,958	227,575	(19,617)	-	32,100	-	32,100
Central services	-	-	8,105	(8,105)	-	-	-	-
Operation of plant	89,976	89,976	97,231	(7,255)	-	-	-	-
Maintenance of plant	-	-	51,255	(51,255)	-	-	-	-
Board	9,300	9,300	6,670	2,630	-	-	-	-
School District administration fee	70,326	-	68,945	(68,945)	-	-	-	-
Fiscal services	27,000	27,000	40,825	(13,825)	-	-	-	-
Transportation	21,580	21,580	27,556	(5,976)	-	-	-	-
Community services	1,250	1,250	2,400	(1,150)	-	-	-	-
<b>Capital outlay:</b>								
Facilities acquisition and construction	-	-	-	-	-	-	-	-
<b>Debt service</b>								
Principal retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>1,267,510</u>	<u>1,203,009</u>	<u>1,321,688</u>	<u>(118,679)</u>	<u>-</u>	<u>249,260</u>	<u>275,624</u>	<u>(26,364)</u>
Revenues over (under) expenses	139,013	441	126,093	125,652	-	156,829	(20,260)	(177,089)
<b>Other financing sources (uses)</b>								
Loan proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	21,332	21,332
Transfers out	-	-	(131,330)	(131,330)	-	-	-	-
Net change in fund balance	<u>\$ 139,013</u>	<u>\$ 441</u>	<u>(5,237)</u>	<u>\$ (5,678)</u>	<u>\$ -</u>	<u>\$ 156,829</u>	<u>1,072</u>	<u>\$ (155,757)</u>
Fund balance - July 1, 2017			<u>(37,594)</u>				<u>(1,072)</u>	
Fund balance - June 30, 2018			<u>\$ (42,831)</u>				<u>\$ -</u>	

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Governmental Funds											
Debt Service Fund				Capital Projects 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)	Original Budget	Final Amended Budget	Actual Amount	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,450	\$ 255,364	\$ 51,914
-	-	-	-	-	50,277	54,131	3,854	1,406,523	1,450,277	1,461,537	11,260
-	-	-	-	-	-	222,177	222,177	-	-	258,038	258,038
-	-	-	-	-	-	20,263	20,263	-	-	20,263	20,263
-	-	-	-	-	-	-	-	-	-	37	37
-	-	-	-	-	121,887	-	(121,887)	-	127,976	4,477	(123,499)
-	-	-	-	-	172,164	296,571	124,407	1,406,523	1,781,703	1,999,716	218,013
-	-	-	-	-	-	-	-	845,946	902,528	911,625	(9,097)
-	-	-	-	-	-	-	-	32,400	-	19,157	(19,157)
-	-	-	-	-	-	-	-	-	160,577	135,968	24,609
-	-	-	-	-	-	-	-	169,732	240,058	227,575	12,483
-	-	-	-	-	-	-	-	-	-	8,105	(8,105)
-	-	-	-	-	-	-	-	89,976	89,976	97,231	(7,255)
-	-	-	-	-	-	-	-	-	-	51,255	(51,255)
-	-	-	-	-	-	-	-	9,300	9,300	6,670	2,630
-	-	-	-	-	-	-	-	70,326	-	68,945	(68,945)
-	-	-	-	-	-	-	-	27,000	27,000	40,825	(13,825)
-	-	-	-	-	-	-	-	21,580	21,580	27,556	(5,976)
-	-	-	-	-	-	-	-	1,250	1,250	2,400	(1,150)
-	-	-	-	121,887	172,164	1,110,266	(938,102)	121,887	172,164	1,110,266	(938,102)
-	-	15,500	(15,500)	-	-	-	-	-	-	15,500	(15,500)
15,150	-	15,803	(15,803)	-	-	-	-	15,150	-	15,803	(15,803)
15,150	-	31,303	(31,303)	121,887	172,164	1,110,266	(938,102)	1,404,547	1,624,433	2,738,881	(1,114,448)
(15,150)	-	(31,303)	(31,303)	(121,887)	-	(813,695)	(813,695)	1,976	157,270	(739,165)	(896,435)
-	-	735,000	735,000	-	-	-	-	-	-	735,000	735,000
-	-	-	-	-	-	813,695	-	-	-	835,027	835,027
-	-	(703,697)	(703,697)	-	-	-	-	-	-	(835,027)	(835,027)
\$ (15,150)	\$ -	\$ -	\$ -	\$ (121,887)	\$ -	\$ -	\$ (813,695)	\$ 1,976	\$ 157,270	\$ (4,165)	\$ (161,435)
										(38,666)	
		\$ -				\$ -				\$ (42,831)	

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

## **REGULATORY REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida, (the "School") as of and for the year ended June 30, 2018, 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 8, 2018.

**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 identify significant deficiencies and material weaknesses in internal controls and made recommendations to management, as noted in the attached exhibit.



## **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 8, 2018

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*

EXHIBIT

<b>Actions</b>	<b>Person Responsible</b>	<b>Timeline</b>	<b>Status</b>
Hire a consultant CPA that is experienced with Governmental Accounting.	Board of Directors	By January 1, 2019	Under consideration
Revise accounting procedures for recording transactions into general ledger.	Board of Directors and CPA Consultant	By January 1, 2019	In Progress
Ensure training and acquiring of proper Governmental Accounting knowledge as part of Board of Directors meeting agenda.	Board of Directors	By Next Board of Director's Meeting	Every meeting

## MANAGEMENT LETTER

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

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

We have audited the basic financial statements of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida (the “School”), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated October 8, 2018.

### **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 8, 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. In connection with our audit, refer to Exhibit A of this letter.

## **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida.

## **Financial Condition and Management**

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

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

## **Transparency**

Section 10.854(1)(e)7. and 10.855(13) Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida does not maintain on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Other 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 have any such communications.

## **Purpose of this Letter**

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the School Board of Hillsborough County, Florida, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Sottile & Company P.A.  
Tampa, Florida  
October 8, 2018

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

**EXHIBIT A**

**RECOMMENDATIONS TO MANAGEMENT  
(Associated with the June 30, 2018 Financial Statement Audit)**

**CURRENT YEAR RECOMMENDATIONS**

**Observation 2018-01:**

Criteria or Specific Requirement

Accounting Policies and Procedures Manual Needed.

Condition and context

Currently there are not proper procedures in place to inform Academy personnel and accounting consultants of the desired operating procedures and policies.

Effect

Academy personnel do not maintain proper supporting schedules, filing systems, and general ledger coding of transactions.

Cause

Lack of descriptions of methods, procedures, and governmental accounting principles to be followed.

Recommendation

We recommend the School establish a standard accounting manual that will inform all employees and contractors in the financial reporting process of the desired operating procedures and policies. Such a manual will serve as an aid in training employees and contractors, monitor the performance of employees and contractors, and improve internal communication.

Views of Responsible Officials and Planned Corrective Actions

We concur.

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

**EXHIBIT A**

**Observation 2018-02:**

Criteria or Specific Requirement

Audit Planning and Assistance

Condition and context

At the time of the audit, the School's accounting records, supporting schedules, documents and other files were not in order and were in a general state of disarray.

Effect

Orderly accounting records and supporting documents should be maintained on a consistent basis so this information is readily available.

Cause

Lack of descriptions of methods, procedures, and governmental accounting principles to be followed.

Recommendation

We recommend the School make efforts during the current year to improve the accounting process and the condition of the records and files.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-03:**

Criteria or Specific Requirement

Accounting Discipline

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

**EXHIBIT A**

Condition and context

In the process of performing our audit, we noted there was a certain lack of review and reconciliation in many areas of the accounting function. Accounting tasks such as monthly reconciliations, cross checks, and reviews play a key role in providing the accuracy of accounting data and financial information that comprise interim and year-end financial statements.

Effect

The financial reporting of the School is materially misstated.

Cause

Lack of proper reconciliations of permanent accounts, and reviews on a monthly and year-end basis.

Recommendation

We recommend the School establish effective review and reconciliation policies and procedures which are Governmental Accounting best practices as a customary part of the accounting process.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-04:**

Criteria or Specific Requirement

Verification of invoices to be paid.

Condition and context

We noted during the audit that there is not an effective verification system that services performed for the organization are complete and acceptable before issuing checks for the service. Cash disbursements for services performed for the organization should be held to the same standards as all other expenses. This practice will serve as a check and balance to ensure that payment is made only for approved services that have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed.



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

**EXHIBIT A**

Effect

Expenditures accepted as goods received or services performed which were not incurred may be paid.

Cause

The invoice has no sign of verification that the that the goods were received or service was performed.

Recommendation

We recommend the School ensure that payment is made only for approved services that have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-05:**

Criteria or Specific Requirement

Verification of invoices to be paid.

Condition and context

We noted during the audit that there is not an effective verification system that services performed for the organization are complete and acceptable before issuing checks for the service. Cash disbursements for services performed for the organization should be held to the same standards as all other expenses. This practice will serve as a check and balance to ensure that payment is made only for approved services that have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed.

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

**EXHIBIT A**

Effect

Expenditures accepted as goods received or services performed which were not incurred may be paid.

Cause

The invoice has no sign of verification that the goods were received or service was performed.

Recommendation

We recommend the School ensure that payment is made only for approved services or goods purchased which have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed or the goods received.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-06:**

Criteria or Specific Requirement

Classification of Revenue.

Condition and context

During our audit procedures it was noted that there was confusion regarding how to classify various types of revenue.

Effect

Certain cash receipts were recorded as reductions of expenditures and other cash receipts were incorrectly recorded as capital outlay funding.

Cause

Lack of understanding by the contracted accounting function regarding the proper treatment of transactions in the Governmental Accounting function.

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

**EXHIBIT A**

Recommendation

We recommend that a better understanding be obtained regarding the proper classification of revenue, including the distinction between cash receipts regarding loan disbursements and reimbursements of certain expenditures, and that this understanding be clearly communicated to all employees, particularly the employees coding and recording the receipt of these revenues.

Views of Responsible Officials and Planned Corrective Actions

We concur.