



**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, 2019**

**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, 2019**

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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, 2019, 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, 2019, 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 September 23, 2019 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.



Tampa, Florida  
September 23, 2019

**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, 2019**

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, 2019. In addition, the discussion and analysis will also provide the following information:

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

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:**

The basic financial statements consist of three components:

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

**Government-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**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 inter period 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		
	2019	2018	Increase (Decrease)
Current and other assets	\$ 116,928	\$ 107,072	\$ 9,856
Capital assets	789,267	873,226	(83,959)
Total assets	\$ 906,195	\$ 980,298	\$ (74,103)
Current liabilities	399,450	149,903	249,547
Noncurrent liabilities	347,238	735,000	(387,762)
Total liabilities	746,688	884,903	(138,215)
Net position:			
Invested in capital assets, net of related debt	192,029	138,226	53,803
Unrestricted	(32,522)	(42,831)	10,309
Total net position	\$ 159,507	\$ 95,395	\$ 64,112

The School's net position has increased due to an increase in student population resulting in an increase in FEFP funding and revenues from all sources exceeding expenses.

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  
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MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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

Revenues for governmental activities totaled \$2,494,483 for the year ended June 30, 2019. The main source of revenue was from the Florida Education Finance Program (“FEFP”).

FEFP revenue of \$1,888,867 and Capital Outlay of \$170,210, which is passed through the District, represented approximately 83% of total revenue for the 2019 fiscal year.

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Federal sources	\$ 314,502	13%
State sources	2,094,855	83%
Contributions and donations	12,692	1%
Local capital improvement tax	2,992	0%
Child care	1,109	0%
Other	68,333	3%
Total	<u>\$ 2,494,483</u>	<u>100%</u>

Revenue increased during the year by \$494,767, primarily due to an increase of students resulting in an increase of state funding and capital outlay funds of \$633,318 over the prior year.

Expenditures decreased during the year by \$254,707 primarily due to significant capital projects and leasehold improvement costs in the prior year which were not incurred during the current year.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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

	<u>Changes in Net Position</u>		
	<u>2019</u>	<u>2018</u>	<u>Net Change Increase (Decrease)</u>
Revenues:			
Program Revenues:			
Operating grants and contributions	\$ 314,502	\$ 255,364	\$ 59,138
Capital grants and contributions	173,202	54,131	119,071
General revenues:			
Unrestricted grants and contributions	2,006,779	1,690,221	316,558
Total revenues	<u>2,494,483</u>	<u>1,999,716</u>	<u>494,767</u>
Program expenses:			
Instruction	1,128,643	911,625	217,018
Student personnel services	32,500	19,157	13,343
Food services	177,377	135,968	41,409
School administration	185,965	227,575	(41,610)
Central services	24,508	8,105	16,403
Board	5,464	6,670	(1,206)
Operation of plant	560,874	334,271	226,603
Maintenance of plant	76,238	51,255	24,983
School District administartion fee	84,448	68,945	15,503
Fiscal services	51,181	40,825	10,356
Transportation	30,559	27,556	3,003
Community services	49,272	2,400	46,872
Interest	23,342	15,803	7,539
Total program expenses	<u>2,430,371</u>	<u>1,850,155</u>	<u>580,216</u>
Increase in net position	<u>\$ 64,112</u>	<u>\$ 149,561</u>	<u>\$ (85,449)</u>

**Current Year/Prior Year Analysis:**

**Financial Analysis of Individual Funds**

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



**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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

- The fund balance of the General Fund increased in 2019 by \$10,309, from a deficit of \$(42,831) at June 30, 2018 to a deficit of \$(32,522) at June 30, 2019.
- Actual revenue in all funds increased in 2019 by \$494,767, from \$1,999,716 in 2018 to \$2,494,483 in 2019.

**Capital Assets**

- Capital assets' net book value decreased by \$83,959 during the year due to the effect of \$83,959 of depreciation expense.

**Borrowings**

- The School had no borrowings during fiscal year 2019.

**Budgetary Highlights in the General Fund**

Actual revenue in the General Fund was \$2,006,779.

Instruction and other expenditures were under revenue by \$328,947.

The General Fund balance at June 30, 2019 was a deficit of \$(32,522), an improvement of \$10,309 from June 30, 2018.

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

Management has prepared a budget to reflect an enrollment of 313 students and has projected an operating gain for fiscal year ending June 30, 2020 of \$66,967. The School will provide students with an exciting, stimulating, and welcoming learning environment.

**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, 2019**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
<b>ASSETS:</b>	
Cash	\$ 74,604
Deposits	42,324
Capital assets, net of accumulated depreciation	<u>789,267</u>
Total assets	<u><u>\$ 906,195</u></u>
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES:</b>	
Accounts payable and accrued expenses	\$ 117,382
Accrued payroll and related expenses	32,068
Note payable, due in one year	250,000
Note payable, due after one year	<u>347,238</u>
Total liabilities	746,688
<b>NET POSITION:</b>	
Invested in capital assets, net of related debt	192,029
Restricted	-
Unrestricted	<u>(32,522)</u>
Total net position	<u>159,507</u>
Total liabilities and net position	<u><u>\$ 906,195</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 ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,128,643	\$ -	\$ 150,712	\$ -	\$ (977,931)
Student personnel services	32,500	-	-	-	(32,500)
Food services	177,377	-	163,790	-	(13,587)
School administration	185,965	-	-	-	(185,965)
Central services	24,508	-	-	-	(24,508)
Board	5,464	-	-	-	(5,464)
Operation of plant	560,874	-	-	173,202	(387,672)
Maintenance of plant	76,238	-	-	-	(76,238)
School District administration fee	84,448	-	-	-	(84,448)
Fiscal services	51,181	-	-	-	(51,181)
Transportation	30,559	-	-	-	(30,559)
Community services	49,272	-	-	-	(49,272)
Interest	23,342	-	-	-	(23,342)
Total governmental activities	<u>\$ 2,430,371</u>	<u>\$ -</u>	<u>\$ 314,502</u>	<u>\$ 173,202</u>	<u>(1,942,667)</u>
General Revenues:					
					1,924,645
					12,692
					1,109
					68,333
					<u>2,006,779</u>
					64,112
					95,395
					<u>\$ 159,507</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, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS:</b>					
Cash	\$ 74,604	\$ -	\$ -	\$ -	\$ 74,604
<b>OTHER ASSETS:</b>					
Deposits	42,324	-	-	-	42,324
Total assets	<u>\$ 116,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,928</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 117,382	\$ -	\$ -	\$ -	\$ 117,382
Accrued payroll and related expense	32,068	-	-	-	32,068
Total current liabilities	149,450	-	-	-	149,450
<b>FUND BALANCES:</b>					
Nonspendable					
Deposits	42,324	-	-	-	42,324
Unassigned	(74,846)	-	-	-	(74,846)
Total fund balances	(32,522)	-	-	-	(32,522)
Total liabilities and fund balances	<u>\$ 116,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,928</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, 2019**

and Balances - Governmental Funds	\$ (32,522)
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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.	(597,238)
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	789,267
	789,267

Total net position - Governmental activities	\$ 159,507
	159,507

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, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>					
Federal passed through local school district	\$ -	\$ 314,502	\$ -	\$ -	\$ 314,502
State passed through local school district	1,924,645	-	-	170,210	2,094,855
Local sources:					
Contributions and donations	12,692	-	-	-	12,692
Local capital improvement tax	-	-	-	2,992	2,992
Child care	1,109	-	-	-	1,109
Other	68,333	-	-	-	68,333
Total revenues	2,006,779	314,502	-	173,202	2,494,483
<b>EXPENDITURES:</b>					
Current:					
Instruction	977,931	150,712	-	-	1,128,643
Student personnel services	32,500	-	-	-	32,500
Food services	-	177,377	-	-	177,377
School administration	185,965	-	-	-	185,965
Central services	24,508	-	-	-	24,508
Board	5,464	-	-	-	5,464
Operation of plant	159,766	-	-	-	159,766
Maintenance of plant	76,238	-	-	-	76,238
School District administration fee	84,448	-	-	-	84,448
Fiscal services	51,181	-	-	-	51,181
Transportation	30,559	-	-	-	30,559
Community services	49,272	-	-	-	49,272
Capital outlay:					
Facilities acquisition and construction	-	-	-	317,149	317,149
Debt service:					
Principal retirement	-	-	137,762	-	137,762
Interest	-	-	23,342	-	23,342
Total expenditures	1,677,832	328,089	161,104	317,149	2,484,174
Excess (deficiency) of revenues over (under) expenditures	328,947	(13,587)	(161,104)	(143,947)	10,309
Other financing sources (uses):					
Transfers in	-	13,587	161,104	143,947	318,638
Transfers out	(318,638)	-	-	-	(318,638)
Total other financing sources (uses)	(318,638)	13,587	161,104	143,947	-
Net change in fund balance	10,309	-	-	-	10,309
Fund balance - July 1, 2018	(42,831)	-	-	-	(42,831)
Fund balance - June 30, 2019	\$ (32,522)	\$ -	\$ -	\$ -	\$ (32,522)

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, 2019**

Net Change in Fund Balances - Governmental Funds	\$	10,309
Amounts reported for governmental activities in the statement of net position are different because:		
Repayment of long term liabilities are expenditures in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.		137,762
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. The amount by which depreciation expense exceeds capital outlay in the current period is:		<u>(83,959)</u>
Change in net position of governmental activities	\$	<u><u>64,112</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, 2019**

**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 three 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, 2019**

**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 School 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.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019 there were no accounts receivable; 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

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2019**

**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	10
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 School 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 School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund Balance Flow Assumptions**

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

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

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 School.

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, 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). 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.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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 2018-2019 school year, the School, reported 279.59 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 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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JUNE 30, 2019**

**NOTE 2 – CAPITAL ASSETS:**

Capital assets activity for the year ended June 30, 2019 is as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Capital assets depreciated:				
Leasehold improvements	\$ 957,185	\$ -	\$ -	\$ 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>1,109,550</u>	<u>-</u>	<u>-</u>	<u>1,109,550</u>
Less accumulated depreciation:				
Leasehold improvements	(83,959)	(83,959)	-	(167,918)
Furniture, fixtures and equipment	(138,193)	-	-	(138,193)
Library	(4,772)	-	-	(4,772)
Vehicles	(9,400)	-	-	(9,400)
Total accumulated depreciation	<u>(236,324)</u>	<u>(83,959)</u>	<u>-</u>	<u>(320,283)</u>
Total capital assets, net	<u>\$ 873,226</u>	<u>\$ (83,959)</u>	<u>\$ -</u>	<u>\$ 789,267</u>

For the year ended June 30, 2019 depreciation expense of \$83,959 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, motor vehicle, and errors and omissions coverage.

For years ending June 30, 2019, 2018, and 2017 the School incurred no liability or casualty losses in excess of insurance coverage.

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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:

Sources	Governmental Fund
State and local sources passed through the School District of Hillsborough County	
Base student allocation	\$ 1,249,730
Discretionary local effort	93,522
Discretionary lottery	947
ESE guaranteed allocation	46,427
Safe schools	12,967
Teacher lead program	4,257 *
Instruction materials	21,646
Transportation	31,521 *
Mental health assistance allocation	6,323
Total funds compression allocation	5,325
Class size reduction (PK-3)	166,847
Class size reduction (4-8)	154,104
Reading allocation	11,812
Supplemental academic instruction	65,548
Digital classroom	4,165
Discretionary millage	49,504
Capital outlay funding	170,210 *
Local capital improvement tax	2,992 *
	\$ 2,097,847

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

An administrative fee of \$84,448 was withheld by the District due to certain student enrollment criteria for 2019 and 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, 2019.

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
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JUNE 30, 2019**

**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 \$42,324 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 prepaid rent. Deposits paid subject to professional services and certain leases of \$42,324 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 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 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, 2019 is \$(74,846).

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



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JUNE 30, 2019**

**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 2019 the General Fund transferred \$13,587 to the Special Revenue Fund, transferred \$161,104 to the Debt Service Fund, and transferred \$143,947 to the Capital Projects Fund due to expenditures exceeding revenue in those funds.

**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 principal 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.

As of June 30, 2018, \$735,000 had been drawn against these facilities. During fiscal year 2019 the loan balance was reduced by \$137,162 and interest paid was \$21,035. Due to

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JUNE 30, 2019**

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

the structure of the loan future loan payments including interest expense could not be fully determined at June 30, 2019 and through September 23, 2019, the date these financial statements were available to be issued. Based upon the 2019/2020 school year budget, approximately \$250,000 of principal is due in less than one year.

**NOTE 9 – COMMITMENTS:**

The School leased property during the year for its administrative, library, cafeteria and classroom space from Boukalis Development of Tampa, L.L.C. under a non-cancelable operating lease that expires July 31, 2017. The lease contains two seven-year renewal option terms at market rates. Under the terms of the lease agreement for thirty-four thousand seven hundred eighteen (34,718) square feet of administrative, library, cafeteria, and classroom space, the minimum monthly lease payments range from \$15,500 to \$33,776 over the term of the lease. Annual amounts due for base rent are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 326,663
2021	336,463
2022	361,677
2023	387,626
2024	414,698
Thereafter	657,489
	<u>\$ 2,484,616</u>

The School leases electronic devices which expire April 2022. The required monthly payments are \$756. Future minimum lease payments under these operating lease agreements are:

<u>Fiscal Year</u>	<u>Amount</u>
2020	9,078
2021	9,078
2022	7,564
	<u>\$ 25,720</u>

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**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, 2019 through September 23, 2019, which is the date these financial statements were available to be issued. Management has determined there are no subsequent events which required adjustments to the financial statements or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL – GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,156	\$ 314,502	\$ 281,346
State and local sources passed through the School District of Hillsborough County	1,866,675	1,512,305	1,924,645	412,340	-	438,818	-	(438,818)
<b>Local sources</b>								
Contributions and donations	-	-	12,692	12,692	-	-	-	-
Local capital improvement tax	-	-	-	-	-	-	-	-
Child care	-	-	1,109	1,109	-	-	-	-
Other	-	-	68,333	68,333	-	-	-	-
<b>Total revenues</b>	<b>1,866,675</b>	<b>1,512,305</b>	<b>2,006,779</b>	<b>494,474</b>	<b>-</b>	<b>471,974</b>	<b>314,502</b>	<b>(157,472)</b>
<b>Expenditures:</b>								
Instruction	856,826	894,825	977,931	(83,106)	-	131,503	150,712	(19,209)
Student personnel services	52,060	-	32,500	(32,500)	-	52,060	-	52,060
Food services	-	-	-	-	-	171,051	177,377	(6,326)
School administration	208,763	215,863	185,965	29,898	-	-	-	-
Central services	26,806	33,606	24,508	9,098	-	-	-	-
Board	10,800	13,000	5,464	7,536	-	-	-	-
Operation of plant	184,019	171,669	159,766	11,903	-	-	-	-
Maintenance of plant	29,400	29,400	76,238	(46,838)	-	-	-	-
School District administration fees	93,334	84,448	84,448	-	-	-	-	-
Fiscal services	27,000	35,000	51,181	(16,181)	-	-	-	-
Transportation	31,571	29,005	30,559	(1,554)	-	-	-	-
Community services	66,504	66,504	49,272	17,232	-	-	-	-
Capital outlay:								
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,587,083</b>	<b>1,573,320</b>	<b>1,677,832</b>	<b>(104,512)</b>	<b>-</b>	<b>354,614</b>	<b>328,089</b>	<b>26,525</b>
Revenue over (under) expenses	279,592	(61,015)	328,947	389,962	-	117,360	(13,587)	(130,947)
<b>Other financing sources (uses)</b>								
Transfers in	-	61,015	-	61,015	-	-	13,587	13,587
Transfers out	(240,168)	-	(318,638)	(318,638)	-	(117,360)	-	117,360
<b>Total other financing sources (uses)</b>	<b>(240,168)</b>	<b>61,015</b>	<b>(318,638)</b>	<b>(379,653)</b>	<b>-</b>	<b>(117,360)</b>	<b>13,587</b>	<b>130,947</b>
<b>Net change in fund balance</b>	<b>\$ 39,424</b>	<b>\$ -</b>	<b>10,309</b>	<b>\$ 10,309</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance - July 1, 2018			(42,831)					-
Fund balance - June 30, 2019			<u>\$ (32,522)</u>				<u>\$ -</u>	

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

**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, 2019**

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,156	\$ 314,502	\$ 281,346
-	-	-	-	-	240,168	170,210	(69,958)	1,866,675	2,191,291	2,094,855	(96,436)
-	-	-	-	-	-	-	-	-	-	12,692	12,692
-	-	-	-	-	-	2,992	2,992	-	-	2,992	2,992
-	-	-	-	-	-	-	-	-	-	1,109	1,109
-	-	-	-	-	-	-	-	-	-	68,333	68,333
-	-	-	-	-	240,168	173,202	(66,966)	1,866,675	2,224,447	2,494,483	270,036
-	-	-	-	-	-	-	-	856,826	1,026,328	1,128,643	(102,315)
-	-	-	-	-	-	-	-	52,060	52,060	32,500	19,560
-	-	-	-	-	-	-	-	-	171,051	177,377	(6,326)
-	-	-	-	-	-	-	-	208,763	215,863	185,965	29,898
-	-	-	-	-	-	-	-	26,806	33,606	24,508	9,098
-	-	-	-	-	-	-	-	10,800	13,000	5,464	7,536
-	-	-	-	-	-	-	-	184,019	171,669	159,766	11,903
-	-	-	-	-	-	-	-	29,400	29,400	76,238	(46,838)
-	-	-	-	-	-	-	-	93,334	84,448	84,448	-
-	-	-	-	-	-	-	-	27,000	35,000	51,181	(16,181)
-	-	-	-	-	-	-	-	31,571	29,005	30,559	(1,554)
-	-	-	-	-	-	-	-	66,504	66,504	49,272	17,232
-	-	-	-	-	240,168	317,149	(76,981)	-	240,168	317,149	(76,981)
-	-	137,762	(137,762)	-	-	-	-	-	-	137,762	(137,762)
19,000	24,000	23,342	658	-	-	-	-	19,000	24,000	23,342	658
19,000	24,000	161,104	(137,104)	-	240,168	317,149	(76,981)	1,606,083	2,192,102	2,484,174	(292,072)
(19,000)	(24,000)	(161,104)	(137,104)	-	-	(143,947)	(143,947)	260,592	32,345	10,309	(22,036)
-	-	161,104	(161,104)	240,168	24,000	143,947	119,947	240,168	85,015	318,638	233,623
-	-	-	-	-	-	-	-	(240,168)	(117,360)	(318,638)	(201,278)
-	-	161,104	(161,104)	240,168	24,000	143,947	119,947	-	(32,345)	-	32,345
<u>\$ (19,000)</u>	<u>\$ (24,000)</u>	<u>-</u>	<u>\$ 24,000</u>	<u>\$ 240,168</u>	<u>\$ 24,000</u>	<u>-</u>	<u>\$ (24,000)</u>	<u>\$ 260,592</u>	<u>\$ -</u>	<u>10,309</u>	<u>\$ 10,309</u>
-	-	-	-	-	-	-	-	-	-	(42,831)	(42,831)
-	-	-	-	-	-	-	-	-	-	<u>\$ (32,522)</u>	<u>\$ (32,522)</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  
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, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 23, 2019.

**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  
September 23, 2019

**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 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, 2019, and have issued our report thereon dated September 23, 2019.

**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 and Chapter 10.850, Rules of the Auditor General.

**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 September 23, 2019, 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. Findings and recommendations in the prior year audit and their current status follows:

<u>Observation Number</u>	<u>Status</u>
2018-01	Cleared
2018-02	Cleared
2018-03	Cleared
2018-04	Cleared
2018-05	Cleared
2018-06	Cleared

## **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida, 6643.

## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, 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.

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

## **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 maintained 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 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  
September 23, 2019