

**COMMUNITY CHARTER SCHOOL  
OF EXCELLENCE, INC.**

A Charter School and Component Unit of the  
District School Board of Hillsborough County, Florida

INDEPENDENT AUDITOR'S REPORT  
*for the fiscal year ended JUNE 30, 2020*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Community Charter School of Excellence, Inc. ("School"), a component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2020, 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 School'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 School'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 opinion.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2020, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis Matter***

### *Going Concern*

As disclosed in Note 17 of the financial statements, the District School Board of Hillsborough County terminated the charter contract with the Community Charter School of Excellence, Inc., effective June 30, 2020. Accordingly, the accompanying financial statements have been prepared assuming that the School will not continue as a going concern.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Note to Required Supplementary Information, as listed in the table of contents, 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 historic 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Respectfully submitted,



July 30, 2020  
Tampa, Florida

# **COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**

*A Charter School and Component Unit of the District School Board of Hillsborough County, Florida*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Community Charter School of Excellence, Inc. ("School"), provides an overview of the School's activities for the fiscal year ended June 30, 2020.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements as listed in the table of contents.

### **TERMINATION OF CHARTER AGREEMENT**

In May 2020, the Hillsborough County School District approved the termination of the School's charter agreement effective June 30, 2020.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2020, the School's expenses exceeded revenues as shown on the School's statement of activities by \$893,866.
- As shown on the statement of net position, the School reported a total net position deficit balance of \$734,359.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

### **Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

# **COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**

*A Charter School and Component Unit of the District School Board of Hillsborough County, Florida*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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### **Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The 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.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The School operates three funds: a General Fund, a Special Revenue Fund, and a Capital Projects Fund. The School has elected to show each fund as major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and the Special Revenue Fund to demonstrate compliance with the budget.

### **Notes to Financial Statements**

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

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-19	6-30-20	
<b>ASSETS</b>			
Current and Other Assets	\$ 116,928	\$ 381,956	\$ 265,028
Capital Assets, net	789,267	-	(789,267)
Total Assets	906,195	381,956	(524,239)
<b>LIABILITIES</b>			
Current Liabilities	149,450	579,616	430,166
Long Term Liabilities	597,238	536,699	(60,539)
Total Liabilities	746,688	1,116,315	369,627
<b>NET POSITION</b>			
Net Investment in Capital Assets	192,029	(536,699)	(728,728)
Unrestricted	(32,522)	(197,660)	(165,138)
Total Net Position	\$ 159,507	\$ (734,359)	\$ (893,866)

The current assets of the School primarily consists of cash. Liabilities consist of accounts payable, notes payable and long-term debt. Total net position balance is a deficit \$734,359, primarily due to the write-off of capital assets as a result of the termination of the School's charter contract.



# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's net position for the current year and prior year:

	Operating Results for the Year		
	Governmental Activities		
	6-30-19	6-30-20	Increase (Decrease)
<b>Revenues:</b>			
Federal through State and Local	\$ 314,502	\$ 518,289	\$ 203,787
State Sources	2,094,855	1,811,913	(282,942)
Local and Other	85,126	9,995	(75,131)
Total Revenues	<u>2,494,483</u>	<u>2,340,197</u>	<u>(154,286)</u>
<b>Expenses:</b>			
Instruction	1,128,643	1,281,364	152,721
Pupil Personnel Services	32,500	22,717	(9,783)
Board of Education	5,464	17,098	11,634
General Administratin	84,448	85,751	1,303
School Administration	185,965	223,665	37,700
Facilities Acq. & Construction	259,590	332,246	72,656
Fiscal Services	51,181	39,502	(11,679)
Food Services	177,377	134,914	(42,463)
Central Servces	24,508	15,431	(9,077)
Pupil Transportation	30,559	23,296	(7,263)
Operation of Plant	301,284	125,201	(176,083)
Maintenance of Plant	76,238	95,158	18,920
Community Service	49,272	33,899	(15,373)
Interest & Fiscal Charges	23,342	14,554	(8,788)
Unallocated Depreciation	83,959	83,959	-
Special Item - Disposal of Capital Assets	-	705,308	705,308
Total Expenses	<u>2,514,330</u>	<u>3,234,063</u>	<u>719,733</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ (19,847)</u>	<u>\$ (893,866)</u>	<u>\$ (874,019)</u>

The largest revenue source for the School is the State of Florida (78%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. State revenues decreased as a result of a decline in student enrollment.

The largest concentration of expenses was for Instruction-related expenses, which represents 50% of total expenditures. Expenses increased mainly due to the \$705,308 write-off of the net value of leasehold improvements following the closure of the School.

# **COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**

*A Charter School and Component Unit of the District School Board of Hillsborough County, Florida*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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### **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

#### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined deficit fund balance of \$197,660.

### **BUDGETARY HIGHLIGHTS**

The General Fund budget for the fiscal year ended June 30, 2020, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Refer to the Budgetary Comparison Schedule for additional information.

### **CAPITAL ASSETS**

As a result of the School's closing, the School's capital assets, which included furniture, fixtures, and equipment, and leasehold improvements, were eliminated at June 30, 2020. A loss on disposal of capital assets of \$705,308 (net of accumulated depreciation) was recorded in the statement of activities. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Community Charter School of Excellence, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Management of the School.

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

**STATEMENT OF NET POSITION**

*June 30, 2020*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 5,448
Cash with Fiscal Agent	312,426
Due From Other Agency	21,758
Deposits	<u>42,324</u>
<b>TOTAL ASSETS</b>	<u><u>381,956</u></u>
<b>LIABILITIES</b>	
Wages and Benefits Payable	144,404
Accounts Payable	17,761
Due To Other Agencies	145,985
Payroll Protection Program Loan	271,466
Long-term Liabilities:	
Note Payable, due within one year	<u>536,699</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,116,315</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(536,699)
Unrestricted	<u>(197,660)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ (734,359)</u></u>

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

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

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2020*

		Program Revenues				Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 1,281,364	\$ -	\$ 375,262	\$ -		\$ (906,102)
Pupil Personnel Services	22,717					(22,717)
Board of Education	17,098					(17,098)
General Administration	85,751					(85,751)
School Administration	223,665					(223,665)
Facilities Acquisition & Construction	332,246			160,426		(171,820)
Fiscal Services	39,502					(39,502)
Food Services	134,914		143,027			8,113
Central Services	15,431					(15,431)
Pupil Transportation	23,296		17,286			(6,010)
Operation of Plant	125,201					(125,201)
Maintenance of Plant	95,158					(95,158)
Community Service	33,899					(33,899)
Debt Service - Interest	14,554					(14,554)
Unallocated Depreciation	83,959					(83,959)
Total Governmental Activities	\$ 2,528,755	\$ -	\$ 535,575	\$ 160,426		(1,832,754)
General Revenues:						
State Sources						1,634,201
Local and Other						9,995
Special Item - Disposal of Capital Asstes						(705,308)
Total general revenues						938,888
Change in Net Position						(893,866)
Net Position - July 1, 2019						159,507
Net Position - June 30, 2020						\$ (734,359)

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

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
*June 30, 2020*

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,448	\$ -	\$ -	\$ 5,448
Cash With Fiscal Agent	312,426			312,426
Due From Other Agency	21,758			21,758
Deposits	42,324			42,324
Total Assets	\$ 381,956	\$ -	\$ -	\$ 381,956
<b>LIABILITIES</b>				
Wages and Benefits Payable	\$ 144,404		\$ -	\$ 144,404
Accounts Payable	17,761	-		17,761
Due To Other Agencies	145,985			145,985
Payroll Protection Program Loan	271,466			271,466
Total Liabilities	579,616	-	-	579,616
<b>FUND BALANCES</b>				
Nonspendable	42,324			42,324
Unassigned	(239,984)	-	-	(239,984)
Total Fund Balances	(197,660)	-	-	(197,660)
Total Liabilities and Fund Balances	\$ 381,956	\$ -	\$ -	\$ 381,956

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

*June 30, 2020*

**Total Fund Balances - Governmental Funds** \$ (197,660)

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

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of a note payable. (536,699)

**Total Net Position - Governmental Activities** \$ (734,359)

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2020*

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental:				
Federal Through Local	\$ -	\$ 518,289	\$ -	\$ 518,289
State Sources	1,651,489		160,426	1,811,915
Local and Other	9,995			9,995
Total Revenues	1,661,484	518,289	160,426	2,340,199
<b>Expenditures</b>				
Current - Education:				
Instruction	\$ 906,103	\$ 375,262	\$ -	\$ 1,281,365
Pupil Personnel Services	22,717			22,717
Board of Education	17,098			17,098
General Administration	85,751			85,751
School Administration	223,665			223,665
Facilities Acquisition & Construction	171,820		160,426	332,246
Fiscal Services	39,502			39,502
Food Services		134,915		134,915
Central Services	15,431			15,431
Pupil Transportation	23,296			23,296
Operation of Plant	125,201			125,201
Maintenance of Plant	95,158			95,158
Community Service	33,899			33,899
Debt Service:				
Principal	60,539			60,539
Interest	14,554			14,554
Total Expenditures	1,834,734	510,177	160,426	2,505,337
Excess (Deficiency) of Revenues Over Expenditures	(173,250)	8,112	-	(165,138)
Other Financing Sources (Uses):				
Transfers In	8,112			8,112
Transfers Out		(8,112)		(8,112)
Total Other Financing Sources (Uses)	8,112	(8,112)	-	-
Net Change in Fund Balances	(165,138)	-	-	(165,138)
Fund Balances, July 1, 2019	(32,522)	-	-	(32,522)
Fund Balances, June 30, 2020	\$ (197,660)	\$ -	\$ -	\$ (197,660)

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

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2020*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$ (165,138)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$83,959) in excess of capital outlays (\$0) in the current period.	(83,959)
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Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	60,539
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Capital assets are reported in the Statement of Net Position and any activity, such as the disposal of these assets, are reported in the Statement of Activities, and not in the governmental funds. This is the amount of capital assets, net of accumulated depreciation, disposed during the period.	<u>(705,308)</u>
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<b>Change in Net Position - Governmental Activities</b>	<u><u>\$ (893,866)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.



# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ➤ **Reporting Entity**

Community Charter School of Excellence, Inc. ("School"), is a component unit of the School Board of Hillsborough County, Florida. The School is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Hillsborough County, Florida, ("District"). The charter was renewed for a five year period starting July 1, 2016. The charter agreement is subject to annual review and may be renewed by mutual agreement between the School and the District. As more fully disclosed in Note 17 of the notes to financial statements, the District approved the termination of the School's charter and contract be effective June 30, 2020. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

#### ➤ **Basis of Presentation**

**Government-wide Financial Statements** - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for federal grant programs and the School's food service operations.
- Capital Projects Fund – to account for all resources for the acquisition of capital assets and related items purchased by the School with restricted capital outlay funds.

### ➤ Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

### ➤ Deposits and Investments

The School's deposits are placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial.

### ➤ Capital Assets

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5-10 years
Vehicles	2-8 years
Library	5 years
Leasehold Improvements	10 years

### ➤ Long-term Debt

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

### ➤ Deferred Outflows/Inflows of Resources

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

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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

### ➤ **Net Position and Fund Balance Classification**

#### *Government-wide Financial Statements*

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### *Fund Financial Statements*

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

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

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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 fiscal year ended June 30, 2020, the School reported 254.45 unweighted FTE and 269.7477 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

### ➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

### ➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

**2. CASH AND CASH EQUIVALENTS**

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**3. CASH WITH FISCAL AGENT**

As a result of Court action, the School placed \$312,426 with a third party in the School's name to hold until a pending Court order is resolved.

**4. DUE FROM OTHER AGENCY**

The amount due from other agency on the School's statement of net position and balance sheet – governmental funds consists of an amount for expenditures made for grants awaiting reimbursement from the District. This receivable amount is considered to be fully collectible and therefore, no allowance for uncollectible accounts has been established.

**5. DEPOSITS**

Deposits reported in the School's statement of net position and balance sheet – governmental funds consists of \$6,357 for utility deposits and \$35,967 for the School's facility lease.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**6. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 138,193	\$ -	\$ (138,193)	\$ -
Library	4,772	-	(4,772)	-
Vehicles	9,400	-	(9,400)	-
Leasehold Improvements	957,185	-	(957,185)	-
Total Capital Assets Being Depreciated	1,109,550	-	(1,109,550)	-
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(138,193)	-	138,193	-
Library	(4,772)	-	4,772	-
Vehicles	(9,400)	-	9,400	-
Leasehold Improvements	(167,918)	(83,959)	251,877	-
Total Accumulated Depreciation	(320,283)	(83,959)	404,242	-
Governmental Activities Capital Assets, net	\$ 789,267	\$ (83,959)	\$ (705,308)	\$ -

All depreciation expense was shown as unallocated on the Statement of Activities.

**7. DUE TO OTHER AGENCY**

The School received notice on January 31, 2020 of preliminary audit findings of its FEFP funding by the Florida Auditor General. Findings noted attendance documentation deficiencies as its main finding, which results in the School owing the District approximately \$145,985. As a result of these findings, a liability was recorded and reported in these financial statements. As of June 30, 2020, the School has not made payment.

**8. PAYROLL PROTECTION PROGRAM LOAN**

As a result of the CARES Act, the School applied to a local bank, and on May 4, 2020 obtained a forgivable loan from the Small Business Administration (SBA) in the amount of \$271,466. Until certain criteria are met by the School, the loan is due and to be paid within five years at an annual interest rate of 1% per year. The School is anticipating completing the requirements in order for this loan to be forgiven within one year from inception. Until repayment is made or forgiveness is received from the SBA, the loan is reported as a liability on the School's statement of net position and balance sheet – governmental funds.



# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 9. LONG TERM DEBT

The School entered into two promissory notes on April 26, 2017, in the amount of \$200,000 and \$355,000 with Boukalis Development of Tampa, LLC for the purposes of financing leasehold improvements to its leased educational facility. During the 2017-18 fiscal year an additional \$180,000 was borrowed for leasehold improvements. The promissory notes bear an interest rate of 5% per annum. Payment of the principal is to be made from the Charter School Capital Outlay fund received by the School and fifty percent of the FEFP revenue in excess of 290 unweighted FTE students.

The School made principal payments totaling \$60,539 during the 2019-20 fiscal year. The balance of the promissory notes at June 30, 2020 is \$536,699, and is reported on the statement of net position.

### 10. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 597,238	\$ -	\$ (60,539)	\$ 536,699	\$ 536,699
Total Governmental Activities	<u>\$ 597,238</u>	<u>\$ -</u>	<u>\$ (60,539)</u>	<u>\$ 536,699</u>	<u>\$ 536,699</u>

### 11. INTERFUND TRANSFERS

At June 30, 2020, the Special Revenue Fund transferred \$8,112 to the General Fund for excess food service revenue. The amounts of interfund transfers are netted together and not reported in the statement of activities.

### 12. FACILITY LEASE

The School leased its educational facility from Boukalis Development of Tampa, LLC under a non-cancelable lease through July 30, 2024. The lease contains one additional 7 year renewal option at market rates. Under the terms of the agreement for 34,718 square feet of space, the minimum monthly lease payments range from \$15,500 to \$33,776 over the term of the lease. Rent paid under this lease agreement for the 2019-20 fiscal year totaled \$332,246.

### 13. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

# COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 14. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

Source	Amount
Florida Education Finance Program	\$ 1,024,379
Class Size Reduction	290,350
Charter School Capital Outlay	160,426
Discretionary Local Effort	90,937
Supplementary Academic Instruction	59,471
Discretionary Millage	45,569
ESE Guaranteed Allocation	44,390
FL Best & Brightest Program	24,276
Instructional Materials	19,948
Transportation	17,286
Safe Schools	12,817
Reading Allocation	10,620
Mental Health Allocation	6,220
Teacher Lead Program	4,515
Digital Classrooms Allocation	460
Lottery Allocation	251
Total State Revenue	<u>\$ 1,811,915</u>

The Florida Education Finance Program revenue is net of \$145,985 due to the District for audit findings in an FTE audit for 2019-20. As provided in the charter school contract, the District has charged the School an administrative fee equal to \$85,751.

### 15. CONTRACTED ACCOUNTING SERVICES

The School contracted with Rolanda McDuffie, CPA to provide outsourced CFO/Controller services to include electronic data communication and storage and use of third party service provider, preparation of accounting policies and procedures, accounting and financial reporting, budget preparation and payroll processing. Fees for services were \$2,250 per month. In May 2020, these services and contract was terminated by Rolanda McDuffie, CPA.

### 16. RELATED PARTY TRANSACTIONS

The School paid a Company, owned by the School's former Treasurer (while still acting as the School's Treasurer), \$59,135 to install flooring at the School's facility in 2019-20. No evidence was provided documenting the relationship of the Company and the former Treasurer to the School's Board of Directors prior to the services and payment.

# **COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

### **17. TERMINATION OF CHARTER CONTRACT AND GOING CONCERN**

On May 12, 2020 the District School Board of Hillsborough County approved the termination of the charter contract with Community Charter School of Excellence, Inc. effective June 30, 2020. In accordance with the District's approval of the charter and contract termination the accompanying financial statements have been prepared assuming that the School will not continue as a going concern.

### **18. DEFICIT FUND BALANCE AND NET POSITION**

The School reported a deficit net position and total fund balance of \$628,378 and \$91,679, respectively at June 30, 2020. The District School Board of Hillsborough County approved the termination of the charter contract with Community Charter School of Excellence, Inc. effective June 30, 2020.

### **19. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2020, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### **20. FUNDING AND CREDIT RISK CONCENTRATIONS**

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

### **21. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School is involved in two legal actions, however in the opinion of management, the proceedings should not materially affect the financial condition of the School.

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND- (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2020*

	General Fund			Special Revenue Fund		
	Original/Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original/Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>						
Intergovernmental:						
Federal Through Local	\$ -	\$ -	\$ -	\$ 324,450	\$ 518,289	\$ 193,839
State Sources	1,922,646	1,651,489	(271,157)	-	-	-
Local and Other	1,000	9,995	8,995	-	-	-
Total Revenues	<u>1,923,646</u>	<u>1,661,484</u>	<u>(262,162)</u>	<u>324,450</u>	<u>518,289</u>	<u>193,839</u>
<b>Expenditures:</b>						
Current - Education:						
Instruction	819,160	906,103	(86,943)	123,307	375,262	(251,955)
Pupil Personnel Services	45,000	22,717	22,283	-	-	-
Instructional Staff Training	5,000	-	5,000	-	-	-
Board of Education	13,000	17,098	(4,098)	-	-	-
General Administration	96,182	85,751	10,431	-	-	-
School Administration	212,523	223,665	(11,142)	-	-	-
Facilities Acquisition & Construction	326,664	171,820	154,844	-	-	-
Fiscal Services	28,000	39,502	(11,502)	-	-	-
Food Services	-	-	-	178,971	134,915	44,056
Central Services	20,000	15,431	4,569	-	-	-
Pupil Transportation	33,998	23,296	10,702	-	-	-
Operation of Plant	197,373	125,201	72,172	-	-	-
Maintenance of Plant	-	95,158	(95,158)	-	-	-
Administrative Technology	13,606	33,899	(20,293)	-	-	-
Community Service	48,000	33,899	14,101	-	-	-
Debt Service:						
Principal	24,000	60,539	(36,539)	-	-	-
Interest	-	14,554	(14,554)	-	-	-
Total Expenditures	<u>1,882,506</u>	<u>1,868,633</u>	<u>13,873</u>	<u>302,278</u>	<u>510,177</u>	<u>(207,899)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>41,140</u>	<u>(207,149)</u>	<u>(248,289)</u>	<u>22,172</u>	<u>8,112</u>	<u>(14,060)</u>
Other Financing Sources (Uses):						
Transfers In	-	8,112	8,112	-	-	-
Transfers Out	(22,172)	-	(22,172)	-	(8,112)	(8,112)
Total Other Financing Sources (Uses)	<u>(22,172)</u>	<u>8,112</u>	<u>(14,060)</u>	<u>-</u>	<u>(8,112)</u>	<u>(8,112)</u>
Net Change in Fund Balance	<u>(18,400)</u>	<u>(199,037)</u>	<u>(262,349)</u>	<u>22,172</u>	<u>-</u>	<u>(22,172)</u>
Fund Balance, July 1, 2019	(32,522)	(32,522)	-	-	-	-
Fund Balance, June 30, 2020	<u>\$ (50,922)</u>	<u>\$ (231,559)</u>	<u>\$ (262,349)</u>	<u>\$ 22,172</u>	<u>\$ -</u>	<u>\$ (22,172)</u>

See Independent Auditor's Report.

# **COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

## **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2020**

### **1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

Members:  
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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Community Charter School of Excellence, Inc. ("School"), a charter school under Advantage Academy of Miami, Inc., and a component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated July 30, 2020.

**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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 deficiencies in internal control that we consider to be material weaknesses. See finding 2020-1 on page 31.

## **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 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

July 30, 2020  
Tampa, Florida

Members:  
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American Institute of CPAs  
Government Audit Quality Center

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**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Community Charter School of Excellence, Inc.  
(A charter school under Advantage Academy of Miami, Inc.),  
a Charter School and Component Unit of the District  
School Board of Hillsborough County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Community Charter School of Excellence, Inc. (“School”), a charter school under Advantage Academy of Miami, Inc., and a component unit of the District School Board of Hillsborough County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated July 30, 2020.

**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 Required by *Government Auditing Standards***

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated July 30, 2020, 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. The School did not have findings and recommendations made in the preceding annual financial audit report.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 the school code assigned by the Florida Department of Education of the entity is Community Charter School of Excellence, Inc. 296643.



## **Financial Condition**

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

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

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted one instance shown as Finding 2020-2 on page 31.

## **Purpose of this Letter**

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

Respectfully submitted,



July 30, 2020  
Tampa, Florida

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.**  
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**June 30, 2020**

**Finding No.**

**2020-01 Disbursement Deficiency:** The School's accounting policy and procedures require invoices for payments to vendors be approved by the school administrator or Treasurer prior to payment to document the receipt of goods or services. The approved invoices will be uploaded to a portal where the contracted CPA will process the payment through the School's bank account. During our audit, we noted 11 payments disbursed from the School's bank account where the approval of the invoices and the receipt of goods or services were not documented. Given the limited number of employees involved in the disbursement process providing for a proper segregation of duties, it is imperative that the School's established disbursement procedures be followed for all payments made. Following those procedures would enhance the School's assurance that unauthorized and possibly improper payments would not be made without being detected in a timely manner. Based on the number of transactions, we have determined this procedural deficiency to be a material weakness.

**Management's Response:**

We concur with the finding.

**2020-02 Unauthorized Payments and Payment to Related Party** In our testing noted above, we observed 14 payments made on 3 invoices totaling \$59,135 for labor to install flooring at the School's facility without approval of payment or acknowledgement that the services were actually performed by this vendor. We could not determine if the payment via electronic means was initiated by the School's former Treasurer or the contracted CPA. It was further noted the vendor receiving payment for these services is owned by the School's former Treasurer. Board records did not indicate the acknowledgement of this relationship between the two parties prior to obtaining services. In addition, questions have been raised by Management as to whether the services were actually performed by this vendor.

We were notified that the District issued a demand for the return of these funds and they deemed this transaction in violation of Sections 112.313(3) and 112.313(7), Florida Statutes regarding conflicts of interest. On May 18, 2020, the District's Legal Counsel issued a demand to the School's former Treasurer for the return of the tax-payer funds in the amount of \$59,135. As of July 30, 2020, no response has been received regarding this demand. We recommend that Management require the School's former Treasurer to comply with the District's Legal Counsel's demand for repayment or seek other legal remedies.

**Management's Response:**

The Board is aware of this situation and is taking proper steps with proper authorities.