

ACADEMIC SOLUTIONS ACADEMY, INC.
#5028 ACADEMIC SOLUTIONS HIGH SCHOOL

*A Charter School and a Component Unit of
The School Board of Broward County, Florida*

BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

June 30, 2015

Charles A. Krblich, P.A.

Certified Public Accountants

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Charles A. Krblich, P.A.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Academic Solutions Academy, Inc.
Sunrise, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Academic Solutions Academy, Inc. #5028 Academic Solutions High School (the "School"), a charter school and a component unit of The School Board of Broward County, Florida, as of and for the year ended June 30, 2015, 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 *Government 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 the major fund of Academic Solutions Academy, Inc. #5028 Academic Solutions High School, as of June 30, 2015, and the respective changes in financial position thereof 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 through 6 and on page 21 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 inquires 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 *Government Auditing Standards*, we have also issued our report dated September 25, 2015, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academic Solutions Academy, Inc. #5028 Academic Solutions High School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Charles A. Kuller" followed by a stylized acronym "PACAYA".

Fort Lauderdale, Florida
September 25, 2015

ACADEMIC SOLUTIONS ACADEMY, INC. #5028 ACADEMIC SOLUTIONS HIGH SCHOOL

A Charter School and a Component Unit of The School Board of Broward County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

Academic Solutions Academy Inc. #5028 Academic Solutions High School's management discussion and analysis presents an overview of the School's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the School's financial statements beginning on page 7.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities (net position) by \$145 thousand; net position consist of an investment in capital assets of \$84 thousand and unrestricted net position of \$61 thousand.
- General revenues accounted for \$1,271 thousand, or 100% of all revenues.
- On a *funds* basis, there was a beginning fund balance of a deficit of \$67 thousand and a current year excess of revenues over expenditures of \$127 thousand for an ending fund balance of \$61 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide (component unit) financial statements, 2) fund financial statements, and 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 finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the School, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School currently utilizes the General Fund.

Governmental funds. *Governmental funds* are used to account for essentially the same function as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial

statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide (component unit) financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the School's most significant fund. The School has one fund, the General Fund.

The School adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to the Basic 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$145,202 at the close of the most recent fiscal year.

Academic Solutions Academy Inc. #5028 Academic Solutions High School's Net Position

	Component Unit Activities	
	2015	2014
Current and other assets	\$ 95,844	\$ 86,258
Capital assets, net	84,294	109,455
Total assets	<u>180,138</u>	<u>195,713</u>
Other liabilities	34,936	152,984
Long-term liabilities	-	-
Total liabilities	<u>34,936</u>	<u>152,984</u>
Net position:		
Capital assets, net of related debt	84,294	109,455
Unrestricted	60,908	(66,726)
Total net position	<u>\$ 145,202</u>	<u>\$ 42,729</u>

**Academic Solutions Academy, Inc. #5028 Academic Solutions High School's
Changes in Net Position**

	Component Unit Activities		Increase (Decrease) from
	2015	2014	Fiscal 2014
Revenues			
General revenues			
State sources	\$ 1,178,953	\$ 1,077,628	\$ 101,325
Other local revenues	92,401	75,862	16,539
Investment earnings	33	36	(3)
Total revenues	1,271,387	1,153,526	117,861
Expenses			
Instruction	395,303	502,663	(107,360)
Pupil personnel services	-	-	-
Instruction and curriculum development	-	-	-
Instructional staff training services	-	-	-
General administration	-	-	-
School administration	428,242	236,384	191,858
Facilities acquisition and construction	99,598	79,600	19,998
Fiscal services	123,505	156,341	(32,836)
Food services	-	-	-
Central services	1,150	2,031	(881)
Pupil Transportation services	13,975	19,193	(5,218)
Operation of plant	97,393	72,812	24,581
Maintenance of plant	9,748	41,773	(32,025)
Total expenses	1,168,914	1,110,797	58,117
Changes in net position	102,473	42,729	59,744
Net position – beginning	42,729	-	42,729
Net position – ending	\$ 145,202	\$ 42,729	\$ 102,473

- The increase in revenue was due to an increase in enrollment from 193 to 204 students.
- Instructional cost decreased due to a reclassification of positions. Some positions were moved from instructional to administrative. In addition, textbook costs were \$30 thousand less than the previous year.
- Fiscal services costs were lower because opening costs for the school were expensed in the previous year.

Financial Analysis of the School's Funds

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

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

General fund. The General Fund is the chief operating fund of the School. At the end of the fiscal year, the General Fund had a balance of \$60,908.

General Fund Budgetary Highlights

- Total revenues were less than budgeted amounts by \$234 thousand (15.5%). Grants and other revenues were over the amounts budgeted by \$87 thousand and FEFP revenue was \$321 thousand less than budgeted.
- Budgeted expenditures were 8% lower than expected.

Capital Asset Administration

Capital assets at June 30, 2015 are outlined below:

Academic Solutions Academy Inc. #5028 Academic Solutions High School's Capital Assets (Net of depreciation)

	Component Unit Activities	
	2015	2014
Buildings and improvements	\$ 25,150	\$ 32,901
Furniture, fixtures and equipment	59,144	76,554
Total capital assets, net of depreciation	\$ 84,294	\$ 109,455

Additional information on the School's capital assets can be found in Note C to the financial statements. (See page 18 of this report).

Requests for Information

This financial report is designed to provide a general overview of Academic Solutions Academy, Inc. #5028 Academic Solutions High School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice President of Business Development, Academic Solutions Academy, 4099 North Pine Island Rd., Sunrise, Florida.

Highlights:

Academic Solutions Academy (ASA) has worked with High-Needs students for the past two years. The school has successfully assisted students to pass their standardized testing by increasing their academic levels and complete their graduation requirements. In the 2014-2015 school year, ASA has had an increase in its graduation rate as compared to the graduates from the 2013-2014 school year. Many of these students have received SAT scores of over 1800 and have received a multitude of scholarships in value of over \$170,000. Additionally, 100% of all ASA graduates are in post-secondary institutions, technical or military programs and are working towards achieving their career goals. ASA received an "I" for (Improved) student gains which is the highest level as it relates to our grading category. Further, ASA is extremely proud to be recognized by AdvancEd as meeting high quality education standards during their site visit and earned its Accreditation in the second year of operation. ASA continues to strive to provide a high quality education to all students so they can reach their full potential, become life-long learners and are prepared to be productive citizens.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

Statement of Net Position

June 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 84,460
Due from other agencies	111
Deposits	11,273
Capital assets, net	<u>84,294</u>
Total assets	<u>180,138</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Accounts payable and accrued expenditures/expenses	12,762
Accrued payroll, payroll taxes and withholdings	<u>22,174</u>
Total liabilities	<u>34,936</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Investment in capital assets	84,294
Unrestricted	<u>60,908</u>
Total net position	<u>\$ 145,202</u>

See accompanying notes to the basic financial statements.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida
Statement of Activities
For the year ended June 30, 2015

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>
PROGRAM EXPENSES AND REVENUES:					
COMPONENT UNIT ACTIVITIES:					
Instruction	\$ 395,303	\$ -	\$ -	\$ -	\$ (395,303)
Pupil personnel services	-	-	-	-	-
Instruction and curriculum development	-	-	-	-	-
Instructional staff training services	-	-	-	-	-
General administration	-	-	-	-	-
School administration	428,242	-	-	-	(428,242)
Facilities acquisition and construction	99,598	-	-	-	(99,598)
Fiscal services	123,505	-	-	-	(123,505)
Food services	-	-	-	-	-
Central services	1,150	-	-	-	(1,150)
Pupil transportation services	13,975	-	-	-	(13,975)
Operation of plant	97,393	-	-	-	(97,393)
Maintenance of plant	9,748	-	-	-	(9,748)
	<u>\$ 1,168,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,168,914)</u>
GENERAL REVENUES:					
State Sources - categorical programs and other					1,178,953
Other local sources					92,401
Unrestricted investment earnings, net					<u>33</u>
Total general revenues					<u>1,271,387</u>
Change in net position					102,473
Total net position, beginning of year					<u>42,729</u>
Total net position, end of year					<u>\$ 145,202</u>

See accompanying notes to the basic financial statements.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 84,460
Due to/from other agencies	111
Deposits	<u>11,273</u>
Total assets	\$ <u><u>95,844</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued expenditures/expenses	\$ 12,762
Accrued payroll, payroll taxes and withholdings	<u>22,174</u>
Total liabilities	<u>34,936</u>
FUND BALANCE	
Non-spendable	11,273
Spendable - unassigned	<u>49,635</u>
Total fund balance	<u>60,908</u>
Total liabilities and fund balance	\$ <u><u>95,844</u></u>

See accompanying notes to the basic financial statements.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

**RECONCILIATION of the BALANCE SHEET - GOVERNMENTAL FUND
to the STATEMENT OF NET POSITION**

June 30, 2015

Total fund balance - governmental fund \$ 60,908

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in component unit activities are not financial resources
and are not reported in the fund. Total cost of assets is \$137,410 and the
accumulated depreciation is \$53,116.

84,294

Total net position - governmental activities \$ 145,202

See accompanying notes to the basic financial statements.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
For the year ended June 30, 2015

	<u>General Fund</u>
REVENUES:	
State sources	
Categorical programs and other	\$ 1,178,953
Total state sources	<u>1,178,953</u>
 Local sources	
Fundraising and contributions, net	13,129
Grants and other	79,272
Total local sources	<u>92,401</u>
Unrestricted investment earnings	<u>33</u>
Total Revenues	1,271,387
 EXPENDITURES:	
Current	
Instruction	395,303
Pupil personnel services	-
Instruction and curriculum development	-
Instructional staff training services	-
General administration	-
School administration	428,242
Facilities acquisition and construction	99,598
Fiscal services	123,505
Food services	-
Central services	1,150
Pupil transportation services	13,975
Operation of plant	68,468
Maintenance of plant	9,748
Capital outlay	3,764
Total Expenditures	<u>1,143,753</u>
Net change in fund balance	127,634
Fund Balance - Beginning of Year	<u>(66,726)</u>
Fund Balance - End of Year	<u>\$ 60,908</u>

See accompanying notes to the basic financial statements.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

**RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
to the STATEMENT OF ACTIVITIES**

For the year ended June 30, 2015

Net change in fund balance - governmental fund \$ 127,634

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

Governmental funds report capital outlays as expenditures. However in the statement of activities the costs of those capital outlays that benefit the School are posted as assets and are allocated over their estimated useful lives and reported as depreciation. Also the disposition of capital assets, net book value (\$3,250) are deducted from the sale of fixed assets. This amount is the net by which depreciation (\$28,925) exceeded capital outlays (\$7,014).

(25,161)

Change in net position - governmental activities \$ 102,473

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Academic Solutions Academy, Inc. #5028 Academic Solutions High School (the "School" or "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Based on guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits of State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Reporting Entity

Academic Solutions Academy, Inc. #5028 Academic Solutions High School, a not-for-profit corporation, is a charter school organized pursuant to Chapter 617, of the Florida Statutes, the Florida Not for Profit Corporation Act, and Section 228.056, of the Florida Statutes. The governing body of the School is the Board of Directors of Academic Solutions Academy, Inc. The charter provides that the day-to-day financial management and internal accounting procedures of the Charter School are under the purview of the management of the Charter School.

The general operating authority of the Charter School is contained in Section 228.056, of the Florida Statutes. The Charter School operates under a charter of the sponsoring school district, The School Board of Broward County, Florida (the "District"). The initial charter is effective until June 30, 2017. 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 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Academic Solutions Academy, Inc. #5028 Academic Solutions High School is considered a component unit of The School Board of Broward County, Florida.

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

Component Unit and Fund Financial Statements

The component unit financial statements (the Statement of Net Position and the Statement of Activities) report information on the activities of the component unit.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A – CONTINUED

Component Unit and Fund Financial Statements – continued

a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds; in the case of the School, the general fund represents the only such fund.

Measurement Focus, Basis of Accounting and Basis of Presentation

Component Unit Financial Statements:

The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State source revenues, grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated sources are reported as general revenues rather than as program revenues. Likewise, general revenues include State source revenues.

Fund Financial Statements:

Fund financial statements (Governmental) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting, except for un-matured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

- The General Fund is the School's only operating fund. The General Fund accounts for all financial resources, except those required to be accounted for in another fund (currently no other such fund exists).

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the component unit financial statements. Property, plant, and equipment with initial individual costs that equal or

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A – CONTINUED

Capital Assets – continued

exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Property, plant, and equipment are depreciated using the straight-line method over the following estimated lives:

Computer equipment	3 years
School equipment	7 years
Leasehold improvements	7 years
Furniture and equipment	5 years

Fund Balance

Governmental accounting standards require fund balance be divided into five classifications, and provide for a hierarchy of spending constraints for spendable resources and requires disclosure of non-spendable and spendable resources. The School has deposits of \$11,273, classified as non-spendable. Spendable resources are shown as Restricted, Committed, Assigned, and Unassigned as considered appropriate in the School's circumstances. The School has reported its remaining fund balance of \$49,635 as spendable-unassigned on its Balance Sheet – Governmental Fund. The School applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available.

Revenue Sources

Revenues for operations will be 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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program (FEFP) and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (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 the Florida Statutes. For the fiscal year ended June 30, 2015, the School reported 204.15 unweighted FTE and 205.88 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.035, Florida Statutes, and Rule 6A-1.0453, Florida

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A – CONTINUED

Revenue Sources – continued

Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until completion of an FTE audit:

- Attendance and membership documentation
- Teacher certificates and other certification documentation
- Documentation for instructors teaching out-of-field
- Procedural safeguards for weighted programs
- Evaluation and planning documents for weighted programs

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

A schedule of revenue sources for the current year is presented in a subsequent note. See Note F.

Compensated Absences

Full time employees of the School, after 90 days of employment, are entitled to be paid for five or eight days of paid time off in each calendar year, depending on whether they are exempt or non-exempt employees, respectively. In the event of termination, each qualifying employee is not entitled to receive payment for accumulated unused paid time off.

Long-Term Obligations

In the component unit financial statements, long-term debt and other long-term obligations are reported as liabilities, if or when incurred.

401(k) Plan

The School offers a 401(k) plan through its payroll service, which covers substantially all employees who meet certain requirements. Employees may elect to have a portion of their salary deferred and contributed to the plan. The School does not make any contributions to the plan and has no liability related to the plan. All employee contributions to the plan are vested immediately.

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through Board action or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School has no such

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A – CONTINUED

Net Position – continued

restrictions. The School's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Budgetary Data

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 of the annual report.

Deposit Policy

It is the School's policy to maintain its cash and cash equivalents in major banks. The School has no policy requiring collateral to support its cash deposits although the School's deposits are covered by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. At June 30, 2015, Academic Solutions Academy, Inc. had no amounts in excess of FDIC insured amounts. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

Date of Management Review

In preparing the financial statements, the School has evaluated events and transactions for potential recognition or disclosure through the date of this report. That date is the date the financial statements were available to be issued.

NOTE B – ACCOUNTS RECEIVABLE (DUE FROM OTHER AGENCIES)

Accounts receivable included in the accompanying statement of net position and balance sheet – governmental funds consists of reimbursements due from the Broward County School Board; an allowance for doubtful accounts is not considered necessary.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE C – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

Description	Beginning Balance	Additions	Removals	Ending Balance
Leasehold improvements	\$ 37,872	\$ -	\$ (3,250)	\$ 34,622
Furniture, fixtures and equipment	95,773	7,014	-	102,787
Total capital assets	133,645	7,014	(3,250)	137,409
Accumulated depreciation:				
Leasehold improvements	(4,971)	(4,501)	-	(9,472)
Furniture, fixtures and equipment	(19,219)	(24,424)	-	(43,643)
Total accumulated depreciation	(24,190)	(28,925)	-	(53,115)
Total capital assets, net	\$ 109,455	\$ (21,911)	\$ (3,250)	\$ 84,294

Removals consist of a deposit for leasehold improvement work that was paid to a vendor in the 2013-2014 school year. Work was not completed by the vendor and payment was voided.

Depreciation was charged to School functions as follows:

Component unit activities:	
Operation of plant	<u>\$ 28,925</u>

NOTE D – RISK MANAGEMENT

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.

NOTE E – MAJOR CONTRACTS

The Board of Directors of Academic Solutions Academy, Inc. #5028 Academic Solutions High School has entered into employment contracts with its Principal and Vice President for Business Development. The term of these agreements commenced November 1, 2011 and continues until June 30, 2017 or until employment is terminated. It is impractical to estimate the amount of compensation relating to a termination and, accordingly, no liability has been recognized in the accompanying financial statements. It is the School's policy to recognize these costs of termination when and if actually paid.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE F – FEDERAL, STATE AND LOCAL REVENUE SOURCES

The following is a schedule of the School's Federal, State and local revenues for the year ended June 30, 2015.

Sources	Amount
State:	
Florida Education Finance Program	\$ 864,556
Categorical Education Programs:	
Class Size Reduction	189,840
Supplementary Academic Instruction	36,365
Discretionary Lottery	704
Instructional Materials	14,712
Safe School	4,720
Transportation	22,743
ESE Guaranteed Allocation	34,611
Science Lab & Library Media	1,122
Digital Classroom	1,830
Reading Allocation	4,316
Dual Enrollment	1,164
Florida Teachers Lead Program	2,270
Total State Revenues	\$ 1,178,953
Local:	
Discretionary local	\$ 79,272
Other	13,129
Total Local Revenues	\$ 92,401
Total Federal, State and Local Revenues	\$ 1,271,354

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of the total funding or \$61,688, which is reflected in fiscal services expense/expenditures in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balance-governmental fund.

NOTE G – COMMITMENTS AND CONTINGENCIES

Leases

The School leases facilities under operating leases. Rent expense for the year ended June 30, 2015 was \$99,598.

Future minimum rental payments for the years ended June 30, are as follows:

2016	\$ 91,510
2017	\$ 78,951

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE G – CONTINUED

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Funding and Credit Concentrations

The School receives substantially all of its support and revenue from the 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.

Academic Solutions Academy, Inc. #5028 Academic Solutions High School
A Charter School and a Component Unit of The School Board of Broward County, Florida

REQUIRED SUPPLEMENTAL INFORMATION

BUDGET TO ACTUAL COMPARISON SCHEDULE - GENERAL FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
REVENUES:	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
State sources				
Categorical programs and other	\$ 1,500,000	\$ 1,500,000	\$ 1,178,953	\$ (321,047)
Total state sources	1,500,000	1,500,000	1,178,953	(321,047)
Local sources				
Fundraising and contributions, net	-	-	13,129	13,129
Grants and other	5,500	5,500	79,272	73,772
Total local sources	5,500	5,500	92,401	86,901
Unrestricted investment earnings	40	40	33	(7)
Total Revenues	1,505,540	1,505,540	1,271,387	(234,153)
EXPENDITURES:				
Current				
Instruction	675,000	675,000	395,303	279,697
Pupil personnel services	-	-	-	-
Instruction and curriculum development	-	-	-	-
Instructional staff training services	-	-	-	-
General administration	-	-	-	-
School administration	210,500	210,500	428,242	(217,742)
Facilities acquisition and construction	120,000	120,000	99,598	20,402
Fiscal services	288,000	288,000	123,505	164,495
Food services	-	-	-	-
Central services	3,000	3,000	1,150	1,850
Pupil transportation services	35,000	35,000	13,975	21,025
Operation of plant	77,500	77,500	68,468	9,032
Maintenance of plant	27,000	27,000	9,748	17,252
Capital outlay	-	-	3,764	(3,764)
Total Expenditures	1,436,000	1,436,000	1,143,753	292,247
Net change in fund balance	69,540	69,540	127,634	58,094
Fund Balance - Beginning of Year	(66,726)	(66,726)	(66,726)	-
Fund Balance - End of Year	\$ 2,814	\$ 2,814	\$ 60,908	\$ 58,094

See Independent Auditor's Report.

Charles A. Krblich, P.A.

Certified Public Accountants

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

To the Board of Directors
Academic Solutions Academy, Inc.
Sunrise, 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 the major fund of Academic Solutions Academy, Inc. #5028 Academic Solutions High School (the "School"), a charter school and a component unit of The School Board of Broward County, Florida, as of and for the year ended June 30, 2015, 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 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Academic Solutions Academy, Inc. #5028 Academic Solutions High 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 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 Academic Solutions Academy, Inc. #5028 Academic Solutions High School's financial statements are free from material misstatement, 1119 Southeast Third Avenue ♦ Fort Lauderdale, Florida 33316-1109 ♦ 954.764.4554 ♦ Fax 954.764.2336

Compliance and Other Matters – Continued

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 blue ink that reads "Charles A. Keller, CPA". The signature is written in a cursive style and is positioned above a horizontal line.

Fort Lauderdale, Florida
September 25, 2015

Charles A. Krblich, P.A.

Certified Public Accountants

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
Academic Solutions Academy, Inc.
Sunrise, Florida

Report on the Financial Statements

We have audited the financial statements of Academic Solutions Academy, Inc. #5028 Academic Solutions High School (the "School"), a charter school and a component unit of The School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 25, 2015.

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 Report

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 that report, which is dated September 25, 2015, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Academic Solutions Academy, Inc. #5028 Academic Solutions High School.

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 Academic Solutions Academy, Inc. #5028 Academic Solutions High School has met one or more of the conditions described in Section 218.503(1), Florida

Financial Condition – Continued

Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Academic Solutions Academy, Inc. #5028 Academic Solutions High 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 Academic Solutions Academy, Inc. #5028 Academic Solutions High School. It is management's responsibility to monitor Academic Solutions Academy, Inc. #5028 Academic Solutions High 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

Section 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 Academic Solutions Academy, Inc. #5028 Academic Solutions High 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 Academic Solutions Academy, Inc. #5028 Academic Solutions High School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

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

Purpose of this Letter

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



Fort Lauderdale, Florida
September 25, 2015