

ACADEMIC SOLUTIONS ACADEMY- A
FORT LAUDERDALE, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF BROWARD COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2018

ACADEMIC SOLUTIONS ACADEMY- A
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2018

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ACADEMIC SOLUTIONS ACADEMY- A #5233
(A Component Unit of The School Board of Broward County, Florida)

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Fort Lauderdale, Florida 33309.
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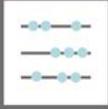
2017-2018

BOARD OF DIRECTORS

Ms. Karla C. Martinez, Chair
Mr. Mike Aitcheson, Vice Chair
Ms. Nikita D'Souza, Secretary

SCHOOL ADMINISTRATION

Mr. Andrew Kinlock, Principal



INDEPENDENT AUDITORS' REPORT

Board of Directors
Academic Solutions Academy- A
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- A (the "School"), a charter school under Academic Solutions Academy, Inc. and a component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 each major fund of the School, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and budgetary comparison information on pages 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Verdeja DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2018

Management's Discussion and Analysis
Academic Solutions Academy- A #5233
June 30, 2018

The corporate officers of Academic Solutions Academy- A. #5233 (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2018 by \$240,231 (net position).
2. At year-end, the School had current assets of \$378,136 and its net position increased by \$313,403.
3. The School's fund balance increased by \$312,007 and its fund balance at the end of the year is \$194,299.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2018 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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 School's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related

legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2018 and 2017 follows:

Assets	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 316,839	\$ 53,147
Due from other agencies	61,297	13,734
Deposits	19,761	18,594
Capital assets, net	<u>45,932</u>	<u>44,536</u>
Total Assets	<u>\$ 443,829</u>	<u>\$ 130,011</u>
Liabilities and Net Position		
Accounts payable and accrued liabilities	\$ 2,120	\$ 1,705
Due to Academic Solutions Academy, Inc.	<u>201,478</u>	<u>201,478</u>
Total Liabilities	203,598	203,183
Net Investment in capital assets	45,932	44,536
Unrestricted	<u>194,299</u>	<u>(117,708)</u>
Total Net Position (Deficit)	<u>240,231</u>	<u>(73,172)</u>
Total Liabilities and Net Position	<u>\$ 443,829</u>	<u>\$ 130,011</u>

At June 30, 2018, the School's total assets were \$443,829 and total liabilities were \$203,598. At June 30, 2017, the School reported total net position of \$240,231.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2018 and 2017 follows:

	2018	2017	Increase (Decrease) from Fiscal 2017
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 66,980	\$ -	\$ 66,980
General Revenues			
State sources	1,083,345	606,629	476,716
Other local revenues	48	13	35
Total Revenues	<u>1,150,373</u>	<u>606,642</u>	<u>543,731</u>
EXPENSES			
Instructional support services	274,606	265,085	9,521
School administration	335,746	186,775	148,971
Facilities acquisition & construction	115,696	104,973	10,723
Fiscal services	6,046	38,786	(32,740)
Central services	-	1,530	(1,530)
Pupil transportation services	19,400	13,000	6,400
Operation of plant	70,976	57,567	13,409
Maintenance of plant	14,500	12,098	2,402
Total Expenses	<u>836,970</u>	<u>679,814</u>	<u>(157,156)</u>
Change in Net Position	313,403	(73,172)	386,575
Net Position (Deficit) at Beginning of Year	<u>(73,172)</u>	<u>-</u>	<u>(73,172)</u>
Net Position (Deficit) at End of Year	<u>\$ 240,231</u>	<u>\$ (73,172)</u>	<u>\$ 313,403</u>

The School's total revenues for the year ended June 30, 2018 were \$1,150,373 while its total expenses were \$836,970 for a net increase of \$313,403. The School's total revenues increased by \$543,731, mainly due to an increase in students and the receipt of capital outlay funding. Expenses increased due to school administration salaries.

ACCOMPLISHMENTS

Academic Solutions Academy-A (ASA-A) 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.

ASA-A was in its second year of operation and successfully graduated more students than the first year. All students that graduated for ASA-A are in post-secondary institutions and pursuing their career goals. Through the efforts of fundraising with Community Partners ASA-A awarded many students with scholarship to attend local colleges.

ASA-A received a "C" for (Commendable) which is the highest mark a school can receive under the School Improvement Rating (SIR). ASA-A had missed the highest level in the past, however ASA-A overcame the obstacle and was successful in obtaining this goal last school year. To qualify for the highest level or a "C" for (Commendable), the schools must test 90% of the students and make academic gains.

ASA students made significant learning gains as compared to similar schools in Broward County. ASA-A went through the Accreditation process and was awarded its Accreditation from Advance Ed in the (2017-18) school year. ASA-A 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. This is a remarkable achievement as the school put in the necessary commitment to accomplish this goal. ASA-A continues to strive to provide a high quality education to all students so they can reach their full potential, become life-long learners and prepared to be productive citizens.

SCHOOL LOCATION

The School currently operates in the Broward area located at 2000 W Commercial Blvd, Suite # 100, Fort Lauderdale, FL 33309.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported a combined fund balance of \$194,299 and an increase in fund balance of \$312,007 for the year ended June 30, 2018.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2018, amounts to \$45,932 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, and furniture, fixtures and equipment.

BUDGETARY HIGHLIGHTS

The general fund and capital projects fund budget for the fiscal year ended June 30, 2018 was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School revised its general and capital projects fund budget. Refer to the Budgetary Comparison Schedules on pages 25 to 26 for additional information.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the School. 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, 2000 W Commercial Blvd, Fort Lauderdale, FL 33309.

ACADEMIC SOLUTIONS ACADEMY - A
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 316,839
Due from other agencies	<u>61,297</u>
TOTAL CURRENT ASSETS	378,136
CAPITAL ASSETS, NET	
Building improvements	12,534
Less accumulated depreciation	(1,149)
Furniture and equipment	58,964
Less accumulated depreciation	<u>(24,417)</u>
Total capital assets, net	45,932
Deposit receivable and other assets	<u>19,761</u>
TOTAL ASSETS	<u>\$ 443,829</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 2,120
Due to Academic Solutions Academy, Inc.	<u>201,478</u>
TOTAL LIABILITIES	<u>203,598</u>
NET POSITION	
Net investment in capital assets	45,932
Unrestricted	<u>194,299</u>
TOTAL NET POSITION	<u>240,231</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 443,829</u>

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

**ACADEMIC SOLUTIONS ACADEMY - A
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 274,606	\$ -	\$ -	\$ -	\$ (274,606)
School administration	335,746	-	-	-	(335,746)
Facilities acquisition & construction	115,696	-	-	66,980	(48,716)
Fiscal services	6,046	-	-	-	(6,046)
Pupil transportation services	19,400	-	-	-	(19,400)
Operation of plant	70,976	-	-	-	(70,976)
Maintenance of plant	14,500	-	-	-	(14,500)
Total Governmental Activities	\$ 836,970	\$ -	\$ -	\$ 66,980	\$ (769,990)

GENERAL REVENUES:

Government grants not restricted to specific programs	1,083,345
Other local sources	48
Total general revenues	<u>1,083,393</u>
Change in Net Position	313,403
NET POSITION (DEFICIT)- BEGINNING	<u>(73,172)</u>
NET POSITION - ENDING	<u><u>\$ 240,231</u></u>

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

**ACADEMIC SOLUTIONS ACADEMY - A
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 316,839
Due from other agencies	61,297
Deposit receivable	19,761
TOTAL ASSETS	<u><u>\$ 397,897</u></u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 2,120
Due to Academic Solutions Academy, Inc.	201,478
TOTAL LIABILITIES	<u>203,598</u>
 FUND BALANCE	
Non-spendable	19,761
Spendable - unassigned	174,538
TOTAL FUND BALANCE	<u>194,299</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 397,897</u></u>

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

ACADEMIC SOLUTIONS ACADEMY - A
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds	\$	194,299
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets		71,498
Accumulated depreciation		(25,566)
Total Net Position - Governmental Activities	\$	<u>240,231</u>

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

ACADEMIC SOLUTIONS ACADEMY - A
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Total Governmental
REVENUES			
State sources			
Categorical programs and other	\$ 1,083,345	\$ -	\$ 1,083,345
Capital outlay funding	-	66,980	66,980
Charges for services and other income	48	-	48
TOTAL REVENUES	<u>\$ 1,083,393</u>	<u>\$ 66,980</u>	<u>\$ 1,150,373</u>
EXPENDITURES			
Current:			
Instruction	\$ 274,606	\$ -	\$ 274,606
Facilities acquisition & construction	48,716	66,980	115,696
School administration	335,746	-	335,746
Fiscal services	6,046	-	6,046
Pupil transportation services	19,400	-	19,400
Operation of plant	52,620	-	52,620
Maintenance of plant	14,500	-	14,500
Capital Outlay:			
Other capital outlay	19,752	-	19,752
TOTAL EXPENDITURES	<u>\$ 771,386</u>	<u>\$ 66,980</u>	<u>\$ 838,366</u>
 NET CHANGE IN FUND BALANCE	 312,007	 -	 312,007
Fund balance (deficit) at beginning of year	<u>(117,708)</u>	<u>-</u>	<u>(117,708)</u>
Fund balance at end of year	<u>\$ 194,299</u>	<u>\$ -</u>	<u>\$ 194,299</u>

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

ACADEMIC SOLUTIONS ACADEMY - A
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Change in Fund Balance - Governmental Funds	\$	312,007
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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 cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	19,752
Depreciation expense	(18,356)

Change in Net Position of Governmental Activities	<u>\$</u>	<u>313,403</u>
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The accompanying notes are an integral part of this financial statement.

**ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Academic Solutions Academy- A #5233 (the “School”), is a charter school under Academic Solutions Academy, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, of the Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, 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 School is contained in Section 1002.33, 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 current charter is effective until June 30, 2021 and may be renewed for such duration as may be established by mutual written agreement between the School and the District. 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. The School is considered a component unit of The School Board of Broward County, Florida.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis 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, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

**ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due From Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources.

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 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

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.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

**ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2018, was \$45,932.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2018 was \$0.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- 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). At June 30, 2018, the School had \$19,761 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2018, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2018, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2018, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification 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 non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2018, there are no minimum fund balance requirements for any of the School’s funds.

ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Broward County (the “School Board”) 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 School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (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 and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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, 2018, the School reported 169.56 unweighted FTE and 171.64 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 SA-1.0453, Florida 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. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

A schedule of revenue sources for the current year is presented in a subsequent note. See Note 5.

Income Taxes

Academic Solutions Academy, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 28, 2018, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Capital assets				
Building improvements	\$ -	\$ 12,534	\$ -	\$ 12,534
Furniture, fixtures and equipment	51,746	7,218	-	58,964
Total capital assets	<u>51,746</u>	<u>19,752</u>	<u>-</u>	<u>71,498</u>
Less accumulated depreciation				
Building improvements	-	(1,149)	-	(1,149)
Furniture, fixtures and equipment	(7,210)	(17,207)	-	(24,417)
Total accumulated depreciation	<u>(7,210)</u>	<u>(18,356)</u>	<u>-</u>	<u>(25,566)</u>
Capital assets, net	<u>\$ 44,536</u>	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ 45,932</u>

Depreciation was charged to School functions as follows:

Component unit activities:

Operation of plant \$18,356

NOTE 4 – RELATED PARTY TRANSACTIONS

Academic Solutions Academy, Inc. (“Corporate”) manages and operates the School and a separate charter school, Academic Solutions High School (“ASA”). The Board of Directors of Corporate entered into employment contracts with certain administrative personnel of the School and ASA. ASA pays the salaries of these personnel and is reimbursed by Corporate and the School for a portion of the salaries. The original term of these agreements commenced November 1, 2011. The contract terms were renewed September 20, 2017 commencing September 20, 2017 and continues to June 30, 2022 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.

In addition, during the year ended June 30, 2018, other administrative and fiscal costs were shared between the School and ASA. At June 30, 2018, the basic financial statements include an amount due from ASA representing short term advances for shared administrative costs totaling \$56,510, which are included as due from other agencies. Subsequent to year-end, the School will also share its facilities and related costs with ASA. See Note 8.

	Balance 7/1/17	Increases	Payments received	Balance at 6/30/18
Due fom ASA	\$ 13,734	\$ 509,825	\$ (467,049)	\$ 56,510
	<u>\$ 13,734</u>	<u>\$ 509,825</u>	<u>\$ (467,049)</u>	<u>\$ 56,510</u>

ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 – RELATED PARTY TRANSACTIONS(Continued)

In providing management and consulting services to the School, Corporate charges the School a management fee based on enrollment. Management fee expenses totaled \$15,261 for the year ended June 30, 2018, and are included in school administration expenses. Amounts due to Corporate as of June 20, 3018 totaled \$201,478.

	Balance 7/1/17	Increases	Payments received	Balance at 6/30/18
Due to Corporate	\$ 201,478	\$ -	\$ -	\$ 201,478
	<u>\$ 201,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,478</u>

NOTE 5 – 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, 2018.

<u>Sources</u>	<u>Amount</u>
State:	
Florida Education Finance Program	\$ 739,479
Categorical Education Programs:	
Class Size Reduction	158,585
Supplementary Academic Instruction	34,278
Instructional Material	12,675
Safe School	3,741
Transportation	19,847
ESE Guaranteed Allocation	18,127
Discretionary Lottery	291
Digital Classroom	2,958
Reading Allocation	7,016
Additional Allocation	197
Declining Enrollment	133
Capital Outlay	33,143
Capital Outlay- District Local Improvement Revenue	33,837
Best and Brightest	2,800
Florida Teachers Lead Program	2,153
Discretionary Local Efforts	81,065
Total State Revenues	<u>1,150,325</u>
Local:	
Other	<u>48</u>
Total Local Revenues	<u>48</u>
Total Federal, State, and Local Revenues	<u>\$ 1,150,373</u>

**ACADEMIC SOLUTIONS ACADEMY- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 – FEDERAL, STATE AND LOCAL REVENUE SOURCES (Continued)

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of the total funding or \$53,967, 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 6 – DEPOSITS POLICY AND CREDIT RISK

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. As of June 30, 2018, the carrying amount of the School's operating cash deposit accounts was \$316,839 and the bank balance totaled \$321,058. As of June 30, 2018, balances held in financial institutions exceeded the Federal Depository Insurance Corporation (FDIC) limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

NOTE 7 – 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. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases

The School entered into an agreement to lease facilities through June 30, 2021 with an option to renew for an additional 5 years. Rent expense for the year ended June 30, 2018 was \$115,696. Subsequent to year-end, the School will share these facilities with ASA (See Note 4). Future minimum payments under this lease agreement are as follows:

Year Ended June 30,	
2019	\$ 111,372
2020	114,708
2021	<u>118,272</u>
Total	<u>\$ 344,352</u>

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 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- A
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 9 – DEFINED CONTRIBUTION RETIREMENT PLAN

The School's personnel are eligible to participate in a defined contribution 401(k) plan sponsored by their payroll company, covering 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.

ACADEMIC SOLUTIONS ACADEMY - A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
State sources				
Categorial programs and other	\$ 664,746	\$ 664,746	\$ 1,083,345	\$ 418,599
Charges for services and other income	13	13	48	35
TOTAL REVENUES	<u>664,759</u>	<u>664,759</u>	<u>1,083,393</u>	<u>418,634</u>
EXPENDITURES				
Instruction	293,588	293,588	274,606	18,982
Facilities acquisition & construction	108,120	108,120	48,716	59,404
School administration	96,007	96,007	335,746	(239,739)
Fiscal services	50,237	50,237	6,046	44,191
Central services	1,530	1,530	-	1,530
Pupil transportation services	13,000	13,000	19,400	(6,400)
Operation of plant	35,269	35,269	52,620	(17,351)
Maintenance of plant	9,103	9,103	14,500	(5,397)
Administrative technology services	5,255	5,255	-	5,255
Capital Outlay:				
Other capital outlay	-	-	19,752	(19,752)
TOTAL EXPENDITURES	<u>612,109</u>	<u>612,109</u>	<u>771,386</u>	<u>(159,277)</u>
Net change in fund balance	<u>52,650</u>	<u>52,650</u>	<u>312,007</u>	<u>259,357</u>
Fund balance (deficit) - Beginning of Year	<u>(117,708)</u>	<u>(117,708)</u>	<u>(117,708)</u>	<u>-</u>
Fund balance - End of Year	<u>\$ (65,058)</u>	<u>\$ (65,058)</u>	<u>\$ 194,299</u>	<u>\$ 259,357</u>

See accompanying note to the required supplemental information.

ACADEMIC SOLUTIONS ACADEMY - A
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Capital Projects Funds			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
State sources				
Capital outlay funding	\$ -	\$ -	\$ 66,980	\$ 66,980
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>66,980</u>	<u>66,980</u>
EXPENDITURES				
Facilities acquisition	-	-	66,980	66,980
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>66,980</u>	<u>66,980</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**ACADEMIC SOLUTIONS ACADEMY- A
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BUDGETARY INFORMATION

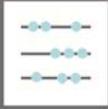
Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2018, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and capital project funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

REQUIRED SUPPLEMENTAL INFORMATION



INDEPENDENT AUDITORS' 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*

Board of Directors of
Academic Solutions Academy- A
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 each major fund of Academic Solutions Academy- A (the "School"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

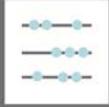
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Verdepin DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2018



MANAGEMENT LETTER

Board of Directors of
Academic Solutions Academy- A
Sunrise, Florida

Report on the Financial Statements

We have audited the financial statements of Academic Solutions Academy- A (the "School"), a charter school under Academic Solutions Academy, Inc. and a non-major component unit of the District School Board of Broward County, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 28, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

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 28, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2018 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2018-1 Related Party Transactions

Observation

As described in Note 4 to the financial statements, the School pays management fees and shares certain personnel costs with its management company, Academic Solutions Academy, Inc. ("Corporate"). In addition, there are shared costs between the School and a separate charter school, Academic Solutions High School ("ASA"), which is also managed by Corporate. It was noted that there are no formal agreements between the School and Corporate or the School and ASA for management services and for shared costs.

Recommendation

Formal agreements, approved by the Board of Directors, should be in place for shared costs and management services.

Management Response

The Board of Directors of the School had previously approved the management services provided by Corporate and the costs shared between the School and ASA. However, the Board of Directors of the School will officially approve a formal agreement for these services before the end of the 2018-2019 school year.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether 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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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.

A handwritten signature in cursive script that reads "Verdespin DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2018