

**SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
d/b/a SUNED HIGH SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITORS' REPORTS THEREON**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2014**



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CERTIFIED PUBLIC ACCOUNTANTS

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**SUNSHINE CHARTER ACADEMY OF BROWARD, INC. d/b/a
SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR
THE YEAR ENDED JUNE 30, 2014**

The discussion and analysis of the financial performance of Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School (the "School") provides an overall review of the School's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The year ended June 30, 2014 represents the second year of operations for the School. Operations of the School are under direct control of the governing board. The governing board uses the expertise of various consultants including, but not limited to, in the fields of educational management, grant and erate applications, insurance, accounting, etc.

FINANCIAL HIGHLIGHTS

The assets of the School exceeded its liabilities (net position) at the close of the fiscal year by \$983,061 in 2014 and \$424,496 in 2013; an increase of \$558,565. This is a direct result of careful, conservative cash management decisions made by the governing board throughout the first two years of operations. Revenues from state and local sources increased by nearly \$500,000 to \$2,532,000 in 2014 from \$2,025,000 in 2013. Expenditures in the government-wide statements increased to just over \$2,000,000 in 2014 from just under \$1,500,000 in 2013. In addition, approximately \$80,000 of additional revenue was received as part of the State Teacher Allocation and Teacher Lead funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the readers in understanding of the financial condition of School. This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring the net position is one way to evaluate the School's financial condition.

SUNSHINE CHARTER ACADEMY OF BROWARD, INC.
d/b/a SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
(continued)

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain services. For the year ended June 30, 2014, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group or related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what money left at year-end which is available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is a legally adopted by management of the School and its Board. A budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on pages 14 of this report.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The table below provides a summary of the School's net position for fiscal years 2014 and 2013.

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Assets			
Current assets	\$ 934,027	\$ 490,891	\$ 443,136
Capital assets, net	<u>66,491</u>	<u>90,963</u>	<u>(24,472)</u>
Total assets	<u>\$ 1,000,518</u>	<u>\$ 581,854</u>	<u>\$ 418,664</u>
Liabilities			
Current liabilities	<u>\$ 17,457</u>	<u>\$ 157,358</u>	<u>\$ (139,901)</u>
Net position			
Invested in capital assets	\$ 66,491	\$ 90,963	\$ (24,472)
Unrestricted	<u>916,570</u>	<u>333,533</u>	<u>583,037</u>
Total net position	<u>\$ 983,061</u>	<u>\$ 424,496</u>	<u>\$ 558,565</u>

The School's significant cash balance is the direct result of conservative fiscal management of operational expenses throughout the year. Net capital assets are represented primarily by computer workstations, tables and chairs. Current liabilities are primarily comprised of accrued management consulting fees.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

(Continued)

Change in Net Position

The table below shows the summary of changes in net position, revenues and expenses for fiscal year 2014 and 2013.

	2014	2013	Increase (Decrease)
Revenues			
State and local sources	\$ 2,611,619	\$ 2,025,414	\$ 586,205
Total revenues	2,611,619	2,025,414	586,205
Expenses			
Instruction	628,048	389,264	238,784
Instructional support services	77,020	73,136	3,884
Board	73,787	76,787	(3,000)
School administration	725,327	418,514	306,813
Pupil transportation services	112,950	97,714	15,236
Operation of plant	413,154	384,170	28,984
Maintenance of plant	22,768	29,812	(7,044)
Debt service	-	12,600	(12,600)
Total expenses	2,053,054	1,481,997	571,057
Change in net position	\$ 558,565	\$ 543,417	\$ 15,148

Total revenues were earned by the School's ability to maintain a high average enrollment during the first two years of operations. Average enrollment increased by 21% to 427 in 2014 from 353 in 2013. Correspondingly, revenues increased by 29%. Expenses as a percentage of revenues remained between 75% and 79% both years. Careful fiscal oversight throughout both years resulted in significant increases in net position.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of sources of funding and spending.

The School's basic services are included in governmental funds which focus 1) on how financial assets can be converted to cash flows and 2) on the year-end balances available for spending.

In particular, unassigned fund balance is a useful measure of the School's net resources available for spending at the end of the fiscal year. The School's governmental funds reported a combined ending unassigned fund balance of \$885,559 and \$302,162 in 2014 and 2013, respectively.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

Budgetary Highlights

The School prepared an annual budget based on the expected funded enrollment figure for the School's initial school year. The budget was revised once the School's final full-time equivalent enrollment was determined based on the required count dates.

This fiscal year was the second year of the School's 5-year contract. The School's final general fund budget estimated \$500,000 carryover for the following year. Actual results produced a carryover of \$558,565.

Revenues, primarily monies from the Florida Education Finance Program ("FEFP"), were nearly \$112,000, or 4.5%, more than projected while total operating expenses exceeded projections by only \$53,000, or 2.7%. The end result being that the projected change in net position of \$500,000 was exceeded by 11.7%, or \$58,500.

Capital Assets

At the end of fiscal year 2014, the School had \$66,491 invested in capital assets, net of accumulated depreciation. The capitalization threshold for classification of long-term assets is \$1,000. The increase in depreciation is due to the fact that most assets were depreciated for all of 2014 while most assets purchased during 2013 were depreciated for less than the full year.

	2014	2013	Increase (Decrease)
Furniture and fixtures	\$ 50,329	\$ 50,329	\$ -
Computer hardware	67,252	53,721	13,531
Leasehold improvements	4,967	4,967	-
Total capital assets	122,548	109,017	13,531
Accumulated depreciation	(56,057)	(18,054)	38,003
Total	\$ 66,491	\$ 90,963	\$ (24,472)

For more information of capital assets, see Note 4 in the Notes to the Basic Financial Statements.

Current Financial Statements

The Board of Directors has contracted with A+ Resource Group to provide day-to-day management services including facilities, equipment, technology, operational support services, personnel management and consulting services to the School. A+ Resource Group provides these services for a percentage share (15%) of revenues received by the School. The School has operated successfully by managing cash flow throughout the year resulting in significant additions to fund balance and financial stability. Additionally, the school is accredited by the Southern Association of Colleges and Schools ("SACS") within its first year.

Contacting the School's Financial Management

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the President of the Board of Directors – Sunshine Charter Academy, d/b/a SunEd High School at (954) 678-3939; 2360 West Oakland Park Boulevard, Oakland Park, Florida 33311.



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Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School,
A Charter School and Component Unit of the District School Board of Broward County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School (the "School"), a Charter School and Component Unit of the District School Board of Collier County, Florida as of and for the year ended June 30, 2014, 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, 2014, 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 1-5 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2014, 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.

MC CRADY HESS

Maitland, Florida
September 29, 2014

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**SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL**

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

Statement of Net Position

June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 520,502
Other receivables	382,513
Other assets	31,012
Capital assets:	
Leasehold improvements	4,967
Furniture, fixtures and equipment	117,581
Less accumulated depreciation	(56,057)
Total capital assets, net	66,491
Total assets	\$ 1,000,518
LIABILITIES	
Accounts payable and accrued expenses	\$ 17,457
Total liabilities	17,457
NET POSITION	
Invested in capital assets, net of related debt	66,491
Unrestricted	916,570
Total net position	\$ 983,061

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

**SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL**

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

Statement of Activities

June 30, 2014

		Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
	Expenses					
Governmental activities:						
Instruction	\$ 628,048	\$ -	\$ -	\$ -	\$ (628,048)	\$ (628,048)
Instructional support services	77,020	-	-	-	(77,020)	(77,020)
Board	73,787	-	-	-	(73,787)	(73,787)
School administration	725,327	-	-	-	(725,327)	(725,327)
Transportation	112,950	-	-	-	(112,950)	(112,950)
Operation of plant	413,154	-	-	-	(413,154)	(413,154)
Maintenance of plant	22,768	-	-	-	(22,768)	(22,768)
Total primary government	<u>\$ 2,053,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,053,054)</u>	<u>(2,053,054)</u>
General revenues:						
State and local sources					2,611,619	2,611,619
Total general revenues					<u>2,611,619</u>	<u>2,611,619</u>
Changes in net position					558,565	558,565
Net position at beginning of year					<u>424,496</u>	<u>424,496</u>
Net position at end of year					<u>\$ 983,061</u>	<u>\$ 983,061</u>

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

**SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL**

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

Balance Sheet - Governmental Fund

June 30, 2014

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 520,502
Other receivables	382,513
Other assets	31,012
Total assets	<u>\$ 934,027</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 17,457</u>
Total liabilities	<u>17,457</u>
FUND BALANCE	
Nonspendable:	
Deposits	5,040
Prepaid expenses	25,972
Spendable:	
Unassigned	<u>885,558</u>
Total fund balance	<u>916,570</u>
Total liabilities and fund balance	<u>\$ 934,027</u>

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

**SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL**

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

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2014

Total fund balance – governmental fund	\$ 916,570
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the capital assets is \$122,548 and the accumulated depreciation is \$56,057 in the current period.	
	<u>66,491</u>
Total net position - governmental activities	<u>\$ 983,061</u>

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

**SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL**

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

**Statement of Revenues, Expenditures and
Change in Fund Balance of Governmental Funds**

For the Year Ended June 30, 2014

	All Governmental Funds <i>(General Fund)</i>
Revenues	
State and local sources	\$ 2,611,619
Total revenues	<u>2,611,619</u>
Expenditures	
Instruction	592,241
Instructional support services	77,020
Board	73,787
School administration	725,327
Transportation	112,950
Operation of plant	410,958
Maintenance of plant	22,768
Capital outlay	<u>13,531</u>
Total expenditures	<u>2,028,582</u>
Net changes in fund balances	583,037
Fund balance at beginning of year	<u>333,533</u>
Fund balance at end of year	<u><u>\$ 916,570</u></u>

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

**SUNSHINE CHARTER ACADEMY, INC. d/b/a
SUNED HIGH SCHOOL**

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

**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, 2014

Net changes in fund balance - total governmental funds	\$ 583,037
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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 and reported as depreciation expense. The amount of depreciation expense (\$38,033) Exceeds capital outlays (\$13,531) in the current period.	(24,472)
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Change in net position of governmental activities	<u>\$ 558,565</u>
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The accompanying notes to financial statements are an integral part of this statement.

**Sunshine Charter Academy of Broward, Inc.
d/b/a SunEd High
A Charter School and Component Unit of the
District School Board of Broward County, Florida
Notes to Financial Statements
For the Year Ended June 30, 2014**

1. DESCRIPTION OF SCHOOL AND REPORTING ENTITY

Sunshine Charter Academy dba SunEd High School (the “School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes.

The Board of Directors directly manages the day-to-day operations of the School, which is explained in Note 8. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Broward County, Florida (the “District”). The current charter contract was awarded in June 2012, subsequent to appeal to the Florida Department of Education, for the five years beginning July 1, 2012 through June 30, 2017. This contract may be renewed by mutual written agreement between the School and the District. At the end of the term of the charter contract, the District may choose not to renew the agreement under grounds specified in the charter contract. In this case, the District is required to notify the School in writing at least 90 days prior to the charter contract’s expiration. During the term of the charter, the District may also terminate the charter contract if good cause is shown. In the event of termination of the charter contract, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the District. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. The School is considered a component unit of the District and meets the definition of a governmental entity under the Governmental Accounting Standards Board (“GASB”) accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School adopted guidance issued by the GASB that established fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

**SUNSHINE CHARTER ACADEMY, INC. d/b/a
SUNED HIGH SCHOOL**

Notes to Financial Statements
(continued)

Basis of Presentation

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the School consist of governmental activities. The School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") finance most of these activities.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled. The following funds are included herein:

Governmental Fund:

- General Fund - accounts for all financial resources not required to be accounted for in other funds.
- Debt Service Fund - to account for the accumulation of resources for, and payment of general long-term debt principal, interest and related cost.

For the purpose of these statements, the general fund is considered a major fund.

Basis of Accounting

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

The government-wide financial statements are reported using the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental funds basic financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within a current period. The School considers revenues to be available if they are collected within sixty days after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, compensated absences, which are recognized when due.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

SUNSHINE CHARTER ACADEMY, INC.

d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements

(continued)

Budgetary Basis of Accounting

A budget is presented in the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

All cash received by the School is maintained in demand deposit accounts. For purposes of presentation on the Statement of Net Position and the Balance Sheet – Governmental Fund, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

Under current regulations, non-interest bearing cash deposits at FDIC-insured institutions are insured through December 31, 2014. Cash and cash equivalent accounts held by the School are both interest bearing and non-interest bearing and fully insured by the FDIC as of June 30, 2014.

Capital Assets and Depreciation

The School's capitalization threshold is \$1,000 overall and \$750 for federal expenditures. Capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over three years for furniture and equipment, three years for computer software and over the remaining life of the lease for leasehold improvements. Since fiscal 2013 is the initial year of operations for the School, expenditures related to furniture, equipment and computer hardware have been aggregated and depreciated over 3 years using straight-line convention.

Accounting Principles

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements
(continued)

Net Position and Fund Balance Classifications

Government-Wide financial statements

Net Position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consist of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations or other governments.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- 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 Governance.
- Assigned – fund balance classification includes amounts that 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.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements
(continued)

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, assigned fund balance, and unassigned balance at the end of the fiscal year. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for non-general funds to be classified as restricted fund balance. It is also 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.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education ("FDOE") for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The District receives a 5% administrative fee for the first 250 enrollees from the School, which is reflected as a general administration expense/expenditure in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. The difference between 5% of all enrollees and the first 250 enrollees must be spent on capital outlay.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2014, the School reported 427 unweighted FTE.

Income Taxes

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements
(continued)

The School assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is “more likely than not” that its tax positions will be sustained upon an examination by the Internal Revenue Service (“IRS”) or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same “more likely than not” measurement threshold.

Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through September 29, 2014, which is the date the financial statements were available to be issued.

3. ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying statement of net position and balance sheet – governmental fund includes approximately \$354,000 for start-up costs that the School advanced to a related party through common Board members, SunEd High School – Margate. This advance is expected to be repaid within the next fiscal year.

4. OTHER CURRENT ASSETS

Prepaid insurance of \$22,502 represents the largest component of other current assets. The amount will be expensed ratably over the next fiscal year. The balance is comprised of \$5,040 security deposits and \$3,470 represents various other prepaid expenses.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements
(continued)

5. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2014, the School's capital assets consisted of the following:

	Beginning Balance	Additions	Ending Balance
Capital assets:			
Furniture and fixtures	\$ 50,329	\$ -	\$ 50,329
Computer hardware	53,721	13,531	67,252
Leasehold improvements	4,967	-	4,967
Total	<u>\$ 109,017</u>	<u>\$ 13,531</u>	<u>\$ 122,548</u>
Accumulated depreciation:			
Furniture and fixtures	\$ (8,390)	\$ (16,776)	\$ (25,166)
Computer hardware	(8,954)	(20,159)	(29,113)
Leasehold improvements	(710)	(1,068)	(1,778)
Total	<u>\$ (18,054)</u>	<u>\$ (38,003)</u>	<u>\$ (56,057)</u>
Net capital assets	<u>\$ 90,963</u>	<u>\$ (24,472)</u>	<u>\$ 66,491</u>

Depreciation expense of \$38,003 was allocated and charged to the listed function in the accompanying Statement of Activities.

Instruction	\$ 35,807
School administration	<u>2,196</u>
Total depreciation expense	<u>\$ 38,003</u>

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements
(continued)

6. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

For the year ended June 30, 2014, state and local revenues were received from the District as follows:

Florida Education Finance Program (FEFP)	\$ 1,665,232
Class size reduction	400,438
Discretionary millage	157,506
Student transportation	91,260
ESE Guaranteed Allocation	89,426
Supplemental Academic Instruction	84,973
Teacher Salary Allocation	72,149
Instructional materials	31,094
Safe schools	10,073
Discretionary lottery	4,366
Teacher LEAD Program	3,141
Other	1,961
	<hr/>
Total State and Local Revenue	<u>\$ 2,611,619</u>

The administration fee paid to the District during the year ended June 30, 2014 totaled \$73,989 based on 5% up to 250 students. The fee is included as general administration in the accompanying Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The difference in fees between 5% of all students and 5% of 250 students is required to be spent on capital outlay. During fiscal year 2014, that difference of \$52,594 was allocated as follows; \$13,531 was applied to capital asset additions and \$39,063 was applied to rental expenses.

7. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School is in compliance with insurance coverage parameters dictated by the charter contract with the District.

8. EDUCATIONAL MANAGEMENT PROVIDERS

For the fiscal year ended June 30, 2014, the Board of Directors managed the day-to-day operations of the School directly. As of July 1, 2013, the Board of Directors entered into an agreement with A+ Resource Group, Inc. (A+) to provide business and educational oversight services to the School. A+ works with the Principal to manage the School on a day-to-day basis. The Principal oversees academics and A+ oversees all other operations. A+'s continuing fee is based upon 15% of gross revenues received from the District through the Florida Education Finance Program. Administration fees paid to A+ during the year ended June 30, 2014 totaled \$394,410. The fee is included as part of school administration expenses in the accompanying Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

SUNSHINE CHARTER ACADEMY, INC.
d/b/a SUNED HIGH SCHOOL

Notes to Financial Statements
(continued)

9. CONTINGENCIES

Grants

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

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

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.

Lease commitments

On May 20, 2012, the School entered into a 5 year lease agreement for its facility under a noncancelable operating lease beginning on the 1st day of August 2012 and ending on the 30th day of June, 2017. The lease requires the School to pay insurance and other operating costs.

Future minimum payments under this lease agreement are as follows:

Year Ended June 30th	Payment Amount
2015	\$ 300,000
2016	300,000
2017	300,000
2018 <i>option</i>	300,000
2019 <i>option</i>	300,000
Total Lease Payments	<u>\$ 1,500,000</u>

**Sunshine Charter Academy of Broward, Inc.
d/b/a SunEd High**

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

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State and local sources	\$ 2,300,000	\$ 2,500,000	\$ 2,611,619	\$ 111,619
Total revenues	2,300,000	2,500,000	2,611,619	111,619
Expenditures				
Instruction	577,000	588,000	592,241	(4,241)
Instructional support services	118,000	61,000	77,020	(16,020)
Board	52,000	81,000	73,787	7,213
School administration	643,000	704,000	723,131	(19,131)
Transportation	120,000	136,000	112,950	23,050
Operation of plant	440,000	400,000	413,154	(13,154)
Maintenance of plant	35,000	30,000	22,768	7,232
Capital outlay - depreciation	-	-	38,003	(38,003)
Total expenditures	1,985,000	2,000,000	2,053,054	(53,054)
Excess of revenues over expenditures	315,000	500,000	558,565	58,565
Fund balance at beginning of year	424,497	424,497	424,497	-
Fund balance at end of year	\$ 739,497	\$ 924,497	\$ 983,062	\$ 58,565

See report of independent auditors.



M^CCRADY | HESS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School,
A Charter School and Component Unit of the District School Board of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund for the Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School (the "School"), a charter school and component unit of the District School Board of Broward County, Florida, as of and for the year ended June 30, 2014, 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 29, 2014.

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 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*.

Finding 2014-1: Formal Policies and Procedures Regarding Supporting Documentation: During our audit procedures, there were certain instances identified where additional supporting documentation should have been maintained to support transactions and events of the School. However, management was able to provide for certain information requested. We recommend that management prepare formal policies and procedures to ensure supporting documentation is maintained and available upon request.

The School's response to the finding identified is described in the accompanying Management's Response to Audit Finding on page 29. We did not audit the School's response and accordingly, we express no opinion on it.

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.

This report is intended solely for the information and use of management of the School, the District School Board of Broward County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Maitland, Florida
September 29, 2014

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**ADDITIONAL INFORMATION REQUIRED BY RULES OF
THE AUDITOR GENERAL, CHAPTER 10.850
*AUDITS of CHARTER SCHOOLS and SIMILAR ENTITIES***



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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School,
A Charter School and Component Unit of the District School Board of Broward County, Florida

Report on the Financial Statements

We have audited the financial statements of Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School (the "School"), a charter school and component unit of the District School Board of Broward County, Florida, (the "School") as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 29, 2014.

Auditor's Responsibility

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

Other Reporting Required by Government Auditing Standards

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, required that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The School took steps to minimize the occurrences of missing documentation, however we would recommend that further steps be taken in order to eliminate the occurrences of missing documentation.

Finding 2013-1: Formal Policies and Procedures Regarding Supporting Documentation: During our audit procedures, there were certain instances identified where additional supporting documentation should have been maintained to support transactions and events of the School. However, management was able to provide for certain information requested. We recommend that management prepare formal policies and procedures to ensure supporting documentation is maintained and available upon request.

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine 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.

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. Please see finding 2014-01 and management's response.

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 Sunshine Charter Academy of Broward, Inc. d/b/a SunEd High School.

Purpose of this Letter

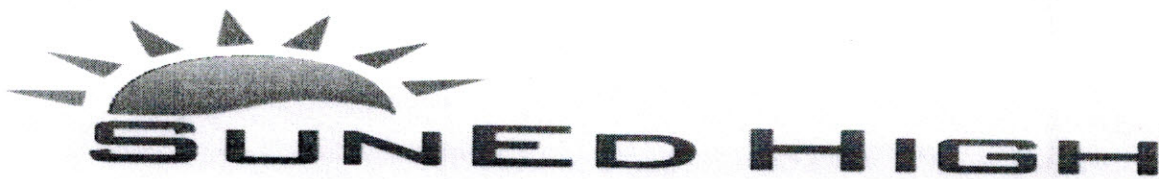
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Broward County School Board, Federal and other granting agencies, the Board of Directors,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

The image shows a handwritten signature in black ink that reads "MCCRADY HESS". The signature is written in a cursive, slightly stylized font.

Maitland, Florida
September 29, 2014

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"Educating Our Community, One Student At A Time....."

September 29, 2014

McCrady Hess, PLLC
2600 Lake Lucien Drive
Suite 405
Maitland, FL 32751

**RESPONSE to FINDING 2014-1: Formal Policies and Procedures
Regarding Supporting Documentation:**

Formal policies, procedures and checklists are being developed and put into practice so supporting documentation can be properly maintained and, subsequently, readily available upon request. The Board of Directors, the educational management company and the new principal have reviewed the policies and procedures. All parties have committed to working diligently towards accomplishing this goal.

Barry Goldberg
Board Chair
SunEd High School