

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITORS' REPORTS THEREON

Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Stellar Leadership Academy, Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Stellar Leadership Academy, Inc. (the "Academy"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy'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, each major fund and the aggregate remaining fund information of Stellar Leadership Academy, Inc. as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 August 26, 2015 on our consideration of the Academy'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 Academy's internal control over financial reporting and compliance.



August 26, 2015
Hollywood, FL

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Our discussion and analysis of the Stellar Leadership Academy, Inc.'s ("Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2015.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Academy's financial statements which begin on page 7.

For financial statement purposes, the Academy is considered a component unit of the District School Board of Miami-Dade County, Florida, which is a primary government entity for financial reporting. The Academy has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of the Academy by providing information on inflows and outflows of spendable resources, while the Statement of Net Position and the Statement of Activities provide information on the activities of the Academy.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's financial position. Included in these statements are all assets and liabilities using the accrual method of accounting. All of the current year's revenues and expenses are recorded when received.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds - All of the Academy's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's governmental activities and the basic services it provides.

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the 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 13-20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$113,081 and \$183,960 at June 30, 2015 and 2014, respectively.

NET POSITION

	<u>2015</u>	<u>2014</u>	<u>Variances</u>
Current assets	\$ 153,738	\$ 190,825	\$ (37,087)
Capital asset, net	<u> -</u>	<u>24,498</u>	<u>(24,498)</u>
Total assets	<u><u>\$ 153,738</u></u>	<u><u>\$ 215,323</u></u>	<u><u>\$ (61,585)</u></u>
Current liabilities	<u>\$ 40,657</u>	<u>\$ 31,363</u>	<u>\$ 9,294</u>
Total liabilities	40,657	31,363	9,294
Net position			
Investment in Capital Assets	-	24,498	(24,498)
Unrestricted	<u>113,081</u>	<u>159,462</u>	<u>(46,381)</u>
Total Net Position	<u><u>113,081</u></u>	<u><u>183,960</u></u>	<u><u>(70,879)</u></u>
Total liabilities and net position	<u><u>\$ 153,738</u></u>	<u><u>\$ 215,323</u></u>	<u><u>\$ (61,585)</u></u>

<u>Revenue Source</u>	<u>2015</u>	<u>2014</u>	<u>Variance</u>
State passed through local school	\$ 1,568,789	\$ 1,730,845	\$ (162,056)
Federal passed through local schools	20,358	18,720	1,638
Other Revenue	<u>10,707</u>	<u>58,644</u>	<u>(47,937)</u>
Total	<u><u>\$ 1,599,854</u></u>	<u><u>\$ 1,808,209</u></u>	<u><u>\$ (208,355)</u></u>

Revenues for governmental activities totaled \$1,599,854 and \$1,808,209 for the years ended June 30, 2015 and 2014, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). Other revenue consists of phone rebates and old donated equipment and contributed rent for the years ended June 30, 2015 and 2014, respectively.

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Expenses for major functions of the Academy are shown in the following table:

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Instruction	\$ 591,725	\$ 683,606	\$ (91,881)
Instructional staff training	-	108	(108)
Instructional related technology	10,000	40,260	(30,260)
Board expenses	25,397	34,580	(9,183)
General administration	184,407	218,021	(33,614)
School administration	260,960	148,617	112,343
Facilities acquisition & construction	272,555	306,051	(33,496)
Fiscal services	41,194	44,265	(3,071)
Pupil transportation	38,810	60,440	(21,630)
Pupil personnel services	22,847	142,497	(119,650)
Operation of plant	166,705	218,842	(52,137)
Central services	55,401	-	55,401
Maintenance of plant	730	1,095	(365)
Totals	<u>\$ 1,670,731</u>	<u>\$ 1,898,382</u>	<u>\$ (227,651)</u>

FUND FINANCIAL ANALYSIS

Key highlights for the fiscal years ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Revenues	\$ 1,599,854	\$ 1,808,209	\$ (208,355)
Expenditures	(1,646,235)	(1,873,884)	227,649
Other Financial sources:			
Debt payment	<u>-</u>	<u>(24,498)</u>	<u>24,498</u>
Change in fund balance	(46,381)	(90,173)	43,792
Fund balance, beginning of year	<u>159,462</u>	<u>249,635</u>	<u>(90,173)</u>
Fund balance, end of year	<u>\$ 113,081</u>	<u>\$ 159,462</u>	<u>\$ (46,381)</u>

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

CURRENT YEAR VS PRIOR YEAR RESULTS

The 2014-2015 school year was the tenth year that the Academy enrolled students. Total revenue was \$1,599,854 and \$1,808,209 for the years ended June 30, 2015 and 2014, respectively. The decrease in revenue was the result of the Academy receiving less capital outlay and FEFP funding this year compared to the prior year. Total expenses were \$1,646,235 and \$1,873,884 for the years ended June 30, 2015 and 2014, respectively. The \$227,649 decrease in expenses is primarily attributable to a decrease in the instruction and pupil services functions.

BUDGETARY HIGHLIGHTS

Actual revenue was \$5,218 more than budgeted in the general fund because the Academy didn't budget for teacher lead funds that were received during the year.

Expenses were less than the amount budgeted by \$32,099. The decrease is primarily related to a lower instruction costs compared to the total amount budgeted.

PROSPECTS FOR THE FUTURE

The Academy is actively marketing to increase student count. An increase in student count will lead to an increase in both revenues and expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stellar Leadership Academy, Inc., 7900 Northwest 27th Avenue, Suite F-1, Miami, Florida 33147.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Statement of Net Position
June 30, 2015

	Governmental Activities
<hr/>	
ASSETS	
CURRENT ASSETS	
Cash	\$ 113,937
Accounts receivable, net	18,343
Deposits	21,458
Total current assets	<hr/> 153,738 <hr/>
CAPITAL ASSETS	
Capital Assets, Net of Accumulated Depreciation	
Furniture, fixtures and equipment	-
Computer software	-
Total capital assets	<hr/> - <hr/>
Total assets	\$ <hr/> 153,738 <hr/>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable	\$ 21,156
Accrued salaries and payroll deductions	19,501
Total liabilities	<hr/> 40,657
NET POSITION	
Investment in capital assets	-
Unrestricted	113,081
Total net position	<hr/> 113,081 <hr/>
Total liabilities and net position	\$ <hr/> 153,738 <hr/>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Basic instruction	\$ 591,725	\$ -	\$ 24,912	\$ -	\$ (566,813)
Instruction & curriculum development	-	-	-	-	-
Instructional staff training	-	-	-	-	-
Instruction related technology	10,000	-	-	-	(10,000)
Board	25,397	-	-	-	(25,397)
General administration	184,407	-	-	-	(184,407)
School administration	260,960	-	-	-	(260,960)
Facilities acquisition and construction	272,555	-	-	105,495	(167,060)
Pupil personnel services	22,847	-	-	-	(22,847)
Pupil transportation services	38,810	-	-	-	(38,810)
Operation of plant	166,705	-	-	-	(166,705)
Central services	55,401	-	-	-	(55,401)
Maintenance of plant	730	-	-	-	(730)
Fiscal services	41,194	-	-	-	(41,194)
Total governmental activities	<u>\$ 1,670,731</u>	<u>\$ -</u>	<u>\$ 24,912</u>	<u>\$ 105,495</u>	<u>(1,540,324)</u>

General Revenues

Grants and contributions not restricted	
to specific programs	1,458,738
Investment earnings	-
Miscellaneous	10,707
Total General Revenues	<u>1,469,445</u>
Change in net position	(70,879)
Net position, July 1, 2014	183,960
Net position, June 30, 2015	<u>\$ 113,081</u>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 113,937	\$ -	\$ -	\$ 113,937
Accounts receivable	18,343	-	-	18,343
Deposits	21,458	-	-	21,458
Total Assets	<u>\$ 153,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,738</u>
LIABILITIES				
Accounts payable	\$ 21,156			\$ 21,156
Accrued salaries	19,501	\$ -	\$ -	19,501
Total Liabilities	<u>40,657</u>	<u>-</u>	<u>-</u>	<u>40,657</u>
FUND BALANCES				
Nonspendable	21,458	-	-	21,458
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	91,623	-	-	91,623
Total Fund Balances	<u>113,081</u>	<u>-</u>	<u>-</u>	<u>113,081</u>
 Total Liabilities and Fund Balances	 <u>\$ 153,738</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 153,738</u>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund Balance - Governmental Funds			\$ 113,081
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Governmental capital assets		\$ 82,135	
Less accumulated depreciation		<u>(82,135)</u>	
			<u>-</u>
Net Assets of Governmental Activities			\$ <u><u>113,081</u></u>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Federal passed through local school district	\$ -	\$ 20,358	\$ -	\$ 20,358
State passed through local school district	1,463,294	-	105,495	1,568,789
Other revenue	10,707	-	-	10,707
Investment earnings	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	1,474,001	20,358	105,495	1,599,854
EXPENDITURES				
Basic instruction	546,871	20,358	-	567,229
Instruction & curriculum development	-	-	-	-
Instructional staff training	-	-	-	-
Instruction related technology	10,000	-	-	10,000
Board	25,397	-	-	25,397
General administration	184,407	-	-	184,407
School administration	260,960	-	-	260,960
Facilities acquisition and construction	167,060	-	105,495	272,555
Pupil personnel services	22,847	-	-	22,847
Pupil transportation services	38,810	-	-	38,810
Operation of plant	166,705	-	-	166,705
Central services	55,401	-	-	55,401
Maintenance of plant	730	-	-	730
Fiscal services	41,194	-	-	41,194
Total expenditures	<u>1,520,382</u>	<u>20,358</u>	<u>105,495</u>	<u>1,646,235</u>
Excess (Deficiency) of revenues over expenses	<u>(46,381)</u>	<u>-</u>	<u>-</u>	<u>(46,381)</u>
Fund balances, July 1, 2014	<u>159,462</u>	<u>-</u>	<u>-</u>	<u>159,462</u>
Fund balances, June 30, 2015	<u>\$ 113,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,081</u>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2015

Net Change in fund balances - governmental funds	\$ (46,381)
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	-	
Less current year depreciation	<u>(24,498)</u>	(24,498)

Payments on the software license obligation are reported as expenditures in the governmental funds because they require the use of current financial resources. They are reported as a reduction in long-term liabilities in the statement of net position. This amount represents the portion of the software license obligation that became due and payable in the current year.

	<u>-</u>
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Change in Net Assets of Governmental Activities	\$ <u><u>(70,879)</u></u>
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The accompanying notes are an integral part of these basic financial statements.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Stellar Leadership Academy, Inc. (the “Academy”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the District School Board of Miami-Dade County, Florida (“the District”). Under the Contract, the Academy provides high school education to children who reside in Miami-Dade County. The governing body of the Academy is the Board of Directors, which is composed of three members.

The Academy is an non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The general operating authority of the Academy is contained in Section 1002.33, Florida Statutes. The current charter is effective until June 30, 2020. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the Academy 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.

Criteria for determining if other entities are potential component units which should be reported within the Academy’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Academy is financially accountable and other organizations for which the nature and significance of their relationship with the Academy are such that exclusion would cause the Academy’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Academy. The Academy is a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the Academy. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Academy does not engage in any business type activities.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the Academy has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash. The nonspendable fund balance includes deposits and prepaid expenses totaling \$21,458 at June 30, 2015.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. Commitments may be changed or lifted only by the Academy taking the same formal action that imposed the constraint originally. There is no committed fund balance at June 30, 2015.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

- Assigned fund balance - comprises amounts intended to be used by the Academy for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. There is no assigned fund balance at June 30, 2015.
- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund. The unassigned fund balance at June 30, 2015 is \$91,623.

Separate fund financial statements report detailed information about the Academy's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of the Academy's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government - wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. 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.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

The Academy's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Academy reports the following major governmental funds:

General Fund — the general operating fund of the Academy. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - to account for the proceeds Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

The Academy has a revenue spending policy that provides policy for programs with multiple revenue sources. The board of directors will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The board of directors has the authority to deviate from this policy if it is in the best interest of the Academy.

4. Budgetary basis of accounting

The Academy's annual budgets are adopted for the entire operations for the Academy and may be amended by the Board of Directors (the "Board"). Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation to deficiency of revenues under expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Cash

Cash is made up of cash on hand at the Academy and/or checking and money market accounts held at one financial institution. The Academy has no cash equivalents.

6. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2015, the Academy recorded net capital assets of \$0.

Property, plant and equipment of the Academy is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	3-5
Software	3

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Academy pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Academy reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for the Academy is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the Academy during designated FTE student survey periods.

The Academy receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

8. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

9. Income taxes

The Academy is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

The Academy adopted the provisions of FASB ASC 740 (formerly FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes* (FIN 48). Under FASB ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ACS 740 had no impact on the Academy's financial statements. The Academy does not believe there are any uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Academy's federal income tax returns for 2012-2015 remain subject to examination by major tax jurisdictions.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE B - CONCENTRATIONS

1. Revenue sources

As stated in Note A-7, the Academy receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
Federal grants through local district	\$ 20,358
State funding through local district	1,568,789
Other revenue	10,707
	<u>\$1,599,854</u>

2. Cash

Under Chapter 280, Florida Statutes, the Academy's deposits must be placed in banks and savings and loans which are qualified as public depositories. The Academy maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2015, there were no uninsured bank deposit balances.

NOTE C – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance at June 30, <u>2014</u>	<u>Additions</u>	Adjustments and <u>Deletions</u>	Balance at June 30, <u>2015</u>
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 8,641	\$ -	\$ -	\$ 8,641
Computer software	<u>218,151</u>	<u>-</u>	<u>144,657</u>	<u>73,494</u>
Total assets at historical cost	<u>226,792</u>	<u>-</u>	<u>144,657</u>	<u>82,135</u>
Less Accumulated depreciation:				
Furniture, fixtures and equipment	8,641	-	-	8,641
Computer software	<u>193,653</u>	<u>24,498</u>	<u>144,657</u>	<u>73,494</u>
Total accumulated depreciation	<u>202,294</u>	<u>24,498</u>	<u>144,657</u>	<u>82,135</u>
Total governmental activities				
Capital assets, net	<u>\$ 24,498</u>	<u>\$ 24,498</u>	<u>\$ -</u>	<u>\$ -</u>

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE C – CAPITAL ASSETS (continued)

Depreciation expense of \$24,498 was charged to the basic instruction function for the year ended June 30, 2015.

NOTE D - COMMITMENTS AND CONTINGENCIES

The Academy leased property during the year for its administrative and classroom space under a non-cancelable operating lease. The Academy also leased office equipment under a non-cancelable operating lease as well. Rental expenses for the year ended June 30, 2015 were approximately \$273,000.

Future minimum lease payments required under the lease are approximately as follows:

June 30:		
2016	\$	306,561
2017		300,257
2018		311,960
2019		311,960
2020		311,960
Thereafter		<u>311,960</u>
Total	\$	1,854,658

NOTE E – MANAGEMENT AGREEMENT

The Academy currently utilizes a management company that provides a range of services that includes, but is not limited to, hiring of personnel, contract negotiations, interaction with the District and setting up vendor arrangements. The management company receives 10% of revenues that are not restricted to a specific purpose. Total management fees paid for the year ended June 30, 2015 was \$110,962.

NOTE F - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Academy purchases commercial insurance for all material risks of loss to which the Academy is exposed, including general liability, property and workers compensation.

NOTE G – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through August 26, 2015, which is the date the financial statements became available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2015
(Unaudited)

	General fund			Variance with final budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Federal passed through local school district	\$ -	\$ -	-	\$ -
State passed through local school district	1,483,600	1,458,783	1,463,294	4,511
Other revenue	-	10,000	10,707	707
Total revenues	1,483,600	1,468,783	1,474,001	5,218
Expenditures				
Basic instruction	612,300	600,542	546,871	(53,671)
Instruction & curriculum development			-	-
Instructional staff training			-	-
Instruction related technology	-	-	10,000	10,000
Board	33,900	30,000	25,397	(4,603)
General administration	148,400	184,409	184,407	(2)
School administration	201,100	255,000	260,960	5,960
Facilities acquisition and construction	215,100	170,330	167,060	(3,270)
Pupil personnel services	-	-	22,847	22,847
Pupil transportation services	40,000	40,000	38,810	(1,190)
Operation of plant	136,000	176,000	166,705	(9,295)
Central services	48,500	48,500	55,401	6,901
Maintenance of plant	1,000	1,000	730	(270)
Fiscal services	46,700	46,700	41,194	(5,506)
Total expenditures	1,483,000	1,552,481	1,520,382	(32,099)
Excess (Deficiency) of Revenues over expenditures	600	(83,698)	(46,381)	37,317
Fund Balance, July 1, 2014	159,462	159,462	159,462	-
Fund Balance, June 30, 2015	\$ 160,062	\$ 75,764	\$ 113,081	\$ 37,317

The accompanying notes are an integral part of these basic financial statements.



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

To the Board Members of
Stellar Leadership Academy, Inc.
*A Charter School and Component Unit of the
Miami-Dade County District School Board, Florida*
Miami, 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 Stellar Leadership Academy, Inc., (the "Academy", a nonprofit organization), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Stellar Leadership Academy, Inc.'s basic financial statements and have issued our report thereon dated August 26, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 Academy's financial statements are free of 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.

Infante & Company

August 26, 2015
Hollywood, Florida



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

To the Board of Directors of Stellar Leadership Academy, Inc., Florida,
a Charter School and Component Unit of the District School Board
of Miami-Dade County, Florida

Report on the Financial Statements

We have audited the financial statements of the Stellar Leadership Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated August 26, 2015.

Auditor's Responsibility

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; and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

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 August 26, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report as noted below under the heading Other Matters.

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 Stellar Leadership Academy, Inc.

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Stellar Leadership Academy, Inc. 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 Stellar Leadership Academy, Inc. 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 Stellar Leadership Academy, Inc. It is management's responsibility to monitor the Stellar Leadership Academy, Inc.'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 Stellar Leadership Academy, Inc. 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 Stellar Leadership Academy, Inc. 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 have one recommendation noted as 2015-1. During the school year, there were numerous checks signed by only one individual when the check amounts exceeded the threshold set by Stellar Leadership Academy, Inc. which would require dual signature. Management should implement a procedure whereby the person who distributes checks reviews them for dual signatures. This is a repeat recommendation from 2014.

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

Purpose of this Letter

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

A handwritten signature in cursive script that reads "Infante & Company".

Infante & Company
August 26, 2015



Stellar Leadership Academy

A Miami-Dade County Public Charter High School

7900 NW 27th Ave. Suite F-1 Miami, FL 33147 P: 305-693-2273 F: 305-693-8016

Office Hours: 7:30 a.m. – 4:00 p.m.

Dr. Angel Chalsson, Principal

August 27, 2015

To the School District Board of Miami-Dade County,

The following is our response to the management letter dated August 26, 2015. The response is numbered consistently with the numbers assigned in the management letter:

2015-1 Lack of dual signatures on certain checks.

For fiscal year ended June 30, 2015, we only had 3 board members with two bank account signers. There were times when it was difficult to coordinate dual signatures as one bank account signer is constantly traveling. We are actively searching for additional board members in order to bring the count to 5 board members and alleviate this issue in the future.

Dannie McMillon

President, Board of Directors