

**BEACON COLLEGE PREP CHARTER SCHOOL
OPA LOCKA, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
MIAMI-DADE COUNTY, FLORIDA)**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTARY INFORMATION**

June 30, 2016



CERTIFIED PUBLIC ACCOUNTANTS

**BEACON COLLEGE PREP CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2016**

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**BEACON COLLEGE PREP CHARTER SCHOOL
(A Charter School Under Beacon College Prep, Inc.)**

13400 NW 28th Avenue
Opa Locka, FL 33054
(786)353-6109

2015-2016

BOARD OF DIRECTORS

Mr. Jeffrey Miller, President and Board Chairman
Mr. Patrick Range, Board Member
Ms. Melissa Krinzman, Secretary
Mr. Octavio Verdeja, Treasurer

SCHOOL ADMINISTRATION

Mr. Patrick Evans, Principal
Mr. John Flickinger, Director of Development

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beacon College Prep Charter School
Opa Locka, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Beacon College Prep Charter School (the "School"), a charter school under Beacon College Prep, Inc., and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2016, 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 the audit. We conducted the 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 23-25 be presented to supplement the basic financial statements.

To the Board of Directors
Beacon College Prep Charter School

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2016, 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.



SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
August 24, 2016



CERTIFIED PUBLIC ACCOUNTANTS

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The corporate officers of Beacon College Prep Charter School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

1. At June 30, 2016, the School had current assets of \$373,097.
2. At June 30, 2016, the School had a deficit in net position of \$270,139.
3. For the year ended June 30, 2016, the School's expenses exceed revenues by \$224,448.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2016 are presented in accordance with GASB Codification Section 2200. The financial statements have two components: 1) government-wide financial statements and 2) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

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

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

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

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 – 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2016 and 2015 follows:

	2016	2015
ASSETS		
Cash	\$ 102,885	\$ 338,938
Prepaid expenses	8,254	28,368
Grant receivable	261,958	94,050
Capital Assets - net	222,551	54,328
Deposit	18,550	18,550
 TOTAL ASSETS	 \$ 614,198	 \$ 534,234
 LIABILITIES AND NET POSITION		
Accounts payable	\$ 24,278	\$ 31,300
Salaries, benefits and payroll taxes payable	109,285	67,851
Related party loans	480,774	480,774
Short-term debt	270,000	-
Total Liabilities	884,337	579,925
 Net investment in capital assets	 222,551	 54,328
Unrestricted	(492,690)	(100,019)
 Total Net Position	 (270,139)	 (45,691)
 TOTAL LIABILITIES AND NET POSITION	 \$ 614,198	 \$ 534,234

At June 30, 2016, the School's total assets were \$614,198 and total liabilities were \$884,337. At June 30, 2016, the School reported total net position deficit of \$270,139.

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2016 and 2015 follows:

	2016	2015
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 464,236	\$ 130,714
General Revenues		
FEFP nonspecific revenue	1,733,824	813,220
Private grant	-	750,000
Fundraising and other revenue	126,645	1,300
Total Revenues	\$2,324,705	\$1,695,234
EXPENSES		
Instruction	\$1,245,177	\$ 640,522
Instructional support services	83,621	50,980
Board	-	4,061
School administration	481,253	332,873
Facilities and acquisition	231,244	89,390
Fiscal services	111,479	99,600
Food services	656	239
Central services	-	1,986
Pupil transportation services	178,740	56,196
Operation of plant	139,617	33,086
Maintenance of plant	9,272	14,617
Unallocated depreciation expense	36,362	16,399
Administrative technology services	31,732	6,081
Total Expenses	\$2,549,153	\$1,346,030
Change in Net Position	(224,448)	349,204
Net Position at Beginning of Year	(45,691)	(394,895)
Net Position at End of Year	\$ (270,139)	\$ (45,691)

The School's total revenues for the year ended June 30, 2016 were \$2,324,705 while its total expenses were \$2,549,153 for a net decrease of \$270,139.

ACCOMPLISHMENTS

Beacon College Prep completed its second year of operations in 2015-16. We continued to build on the strong foundation established during the first year, especially in the areas of school culture, family outreach and academics. The school met student enrollment goals while establishing a waitlist to maintain desired enrollment throughout the year. Beacon Prep qualified, applied for and received additional Charter School Program grant funding enabling the school to provide the resources our students need and deserve, especially in the area of technology. During the current year, the school partnered with Arts for Learning, a local arts education organization, and obtained a \$3 million 5-year grant (awarded directly to A4L) to provide robust afterschool and summer arts program for its students. Our 3rd graders took the Florida State Assessment exams for the first time. The school significantly outscored all other public and charter schools serving similar communities considered our "peers." The school's robust parent outreach and education programs further distinguished Beacon Prep from its peers and resulted in a 92% approval rating by parents. Beacon Preps' success and positive reputation is spreading throughout the community and the school easily met enrollment goals for 2016-17 with no recruitment efforts or expense.

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

SCHOOL LOCATION

The School operates in the Miami area located at 13400 NW 28th Avenue, Opa Locka, FL 33054.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the School's governmental funds reported combined ending negative fund balance of \$117,690 and a negative net change in fund balance of \$392,671.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2016, amounts to \$222,551 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures and equipment, computer equipment and software.

LONG-TERM LIABILITIES

The School has a note payable that bears interest at 3.22% at June 30, 2016, and matures in June 2019. Repayment commences on July 1, 2016. The balance at June 30, 2016 is \$375,000.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	\$54,120	\$464,236	\$ 464,236
State passed through local	1,951,944	1,733,824	1,733,824
Local and other sources	165,000	126,645	126,645
TOTAL REVENUES	<u>2,171,064</u>	<u>2,324,705</u>	<u>2,324,705</u>
EXPENDITURES			
Current:			
Instruction	1,108,018	1,245,177	1,245,177
Instructional and Curriculum Development Services	96,688	83,621	83,621
Board	10,000	-	-
School administration	377,706	481,253	481,253
Facilities Acquisition & Construction	226,800	231,244	231,244
Fiscal Services	31,600	111,479	111,479
Food Services	-	656	656
Pupil transportation services	148,500	178,740	178,740
Operation of Plant	172,159	139,617	139,617
Maintenance of Plant	-	9,272	9,272
Technology Services	54,120	31,732	31,732
Capital Outlay:			
Other capital outlay	-	204,585	204,585
TOTAL EXPENDITURES	<u>2,225,591</u>	<u>2,717,376</u>	<u>2,717,376</u>
Net Change in Fund Balance	<u>\$ (54,527)</u>	<u>\$ (392,671)</u>	<u>\$ (392,671)</u>

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. John Flickinger at Beacon College Prep Charter School.

**BEACON COLLEGE PREP CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 102,885
Grant receivable	261,958
Prepaid expenditures	<u>8,254</u>
Total current assets	373,097
Capital Assets - net	222,551
Deposit	<u>18,550</u>
TOTAL ASSETS	<u><u>\$ 614,198</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 24,278
Due to related party	105,774
Short-term debt	270,000
Current portion of related party loan	121,660
Salaries, benefits and payroll taxes payable	<u>109,285</u>
Total current liabilities	630,997
Related party loan	<u>253,340</u>
Total Liabilities	<u>884,337</u>
Net position:	
Net investment in capital assets	222,551
Unrestricted	<u>(492,690)</u>
Total Net Position	<u>(270,139)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 614,198</u></u>

**BEACON COLLEGE PREP CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,245,177	\$ -	\$ 421,934	\$ -	\$ (823,243)
Instructional support services	83,621	-	29,602	-	(54,019)
Board	-	-	-	-	-
School administration	481,253	-	12,700	-	(468,553)
Facilities and acquisition	231,244	-	-	-	(231,244)
Fiscal services	111,479	-	-	-	(111,479)
Food services	656	-	-	-	(656)
Central services	-	-	-	-	-
Pupil transportation services	178,740	-	-	-	(178,740)
Operation of plant	139,617	-	-	-	(139,617)
Maintenance of plant	9,272	-	-	-	(9,272)
Unallocated depreciation expense	36,362	-	-	-	(36,362)
Administrative technology services	31,732	-	-	-	(31,732)
Total Governmental Activities	\$ 2,549,153	\$ -	\$ 464,236	\$ -	\$ (2,084,917)
GENERAL REVENUES:					
					\$ 1,733,824
Government grants not restricted to specific programs					126,645
Fundraising and other revenue					<u>1,860,469</u>
Total General Revenues					
					(224,448)
Change in Net Position					
					(45,691)
NET POSITION - BEGINNING					<u>(45,691)</u>
NET POSITION - ENDING					<u>\$ (270,139)</u>

**BEACON COLLEGE PREP CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Governmental Fund
ASSETS	
Cash and cash equivalents	\$ 102,885
Prepaid expenditures	8,254
Grant receivable	261,958
Deposit	18,550
TOTAL ASSETS	\$ 391,647
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 24,278
Due to related party	105,774
Short-term debt	270,000
Salaries, benefits and payroll taxes payable	109,285
Total Liabilities	509,337
 Fund Balance	
Nonspendable	
Deposit	18,550
Deficit in unassigned	(136,240)
Total Fund Balance (Deficit)	(117,690)
TOTAL LIABILITIES AND FUND BALANCE	\$ 391,647

**BEACON COLLEGE PREP CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balance (Deficit) - Governmental Funds \$(117,690)

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

Capital assets of \$275,312 net of accumulated depreciation of \$52,761 used in governmental activities are not financial resources and therefore are not reported in the funds. 222,551

Long-term liabilities of \$375,000 are not due and payable in the current period and therefore are not reported in the funds. (375,000)

Total Net Position - Governmental Activities \$(270,139)

**BEACON COLLEGE PREP CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Special Revenue Fund	Total Governmental
REVENUES			
Federal through state and local	\$ -	\$ 464,236	\$ 464,236
State passed through local	1,733,824	-	1,733,824
Local and other sources	126,645	-	126,645
TOTAL REVENUES	1,860,469	464,236	2,324,705
EXPENDITURES			
Current:			
Instruction	823,243	421,934	1,245,177
Instructional support services	54,019	29,602	83,621
School administration	468,553	12,700	481,253
Facilities and acquisition	231,244	-	231,244
Fiscal services	111,479	-	111,479
Food services	656	-	656
Pupil transportation services	178,740	-	178,740
Operation of plant	139,617	-	139,617
Maintenance of plant	9,272	-	9,272
Administrative technology services	31,732	-	31,732
Capital Outlay:			
Other capital outlay	204,585	-	204,585
TOTAL EXPENDITURES	2,253,140	464,236	2,717,376
Excess of revenues over expenditures	(392,671)	-	(392,671)
Other financing sources			
Proceeds from long-term debt	-	-	-
Total other financing sources	-	-	-
Net change in fund balance	(392,671)	-	(392,671)
Fund balance at beginning of year	274,981	-	274,981
Fund balance deficit at end of year	\$ (117,690)	\$ -	\$ (117,690)

**BEACON COLLEGE PREP CHARTER SCHOOL
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, 2016**

Change in Fund Balance - Governmental Funds \$(392,671)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$204,585 exceed depreciation expense of \$36,362.

168,223

Change in Net Position of Governmental Activities

\$(224,448)

**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – ORGANIZATION AND OPERATIONS

Beacon College Prep Charter School (the “School”), a component unit of the School Board of Miami-Dade County, Florida, was established in June 2014 as a public charter school to serve students from Kindergarten to fifth grade in Miami-Dade County. The School is sponsored by its charter-holder, Beacon College Prep, Inc., 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 governing body of the School is the Board of Directors, which is comprised of four members. As of June 30, 2016, 238 students were enrolled in the School in grades Kindergarten through third grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The general operating authority of Beacon College Prep Charter School (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring school district, the School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2019. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for an additional 5 years unless another term is mutually agreed upon.

For financial reporting purposes, the School is considered a component unit of the Miami-Dade County School Board and is included in the School Board’s comprehensive annual financial report. The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity’s basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School’s basic financial statements.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The School reports the following major governmental funds as separate columns in the fund financial statements:

General Fund – this fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund – this fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes other than debt service and capital projects.

Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applies.

The government-wide statements report using the economic resources measurement focus and the full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within sixty days or soon enough thereafter to pay current liabilities.

Budgetary Basis Accounting

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is presented using the same basis of accounting that is used in the preparation of the basic financial statements.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The School considers all demand accounts and money market funds with original maturities of three months or less, and which are not subject to withdrawal restrictions, to be cash and cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Revenue Recognition

Revenues for operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School will be eligible to receive an annual allocation of charter school capital outlay funds for leasing of School facilities starting in their third year of operations.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalizes tangible personal property with a cost of \$500 and useful life of over one year. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	3 Years
Building and improvements	3 Years
Textbooks	3 Years

**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internally constructed or donated property and equipment are recorded if the item cost, or has a fair market value, of \$100 or more. Donated property are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets.

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time employees are eligible for eighty hours (ten days) of paid time off at the start of each school year. Full-time employees who start mid-year (after December 2015) will receive forty hours (five days) upon hire. In the event an employee does not use their paid time off prior to the end of the school year on June 15, the employee will be paid \$150 per unused paid time off day (eight hours) up to a maximum of ten days. This amount will be paid in the second pay period of June.

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

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Position

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

Net investment in capital assets – represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2016, was \$222,551.

Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The School did not have any restricted net position as of June 30, 2016.

Unrestricted – indicates all other net position that is available to fund future operations.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year. At June 30, 2016, the School had \$18,550 in nonspendable fund balance.

Restricted – includes amounts that can be spent only for specific purposes as stipulated by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation. At June 30, 2016, there is no restricted fund balance.

Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action. At June 30, 2016, there is no committed fund balance.

Assigned – includes amounts intended to be used by the School's management or Board of Directors for specific purposes but do not meet the criteria to be classified as either restricted or committed. At June 30, 2016, there is no assigned fund balance.

Unassigned – includes all spendable amounts within the School's general fund not contained in the other classifications.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and, lastly, unassigned funds. As of June 30, 2016, there are no minimum fund balance requirements for any of the School's funds.

Income Taxes

The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c) (3), and is, therefore, exempt from income tax. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Date of Management Review

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 24, 2016, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2016:

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Capital Assets	\$ -	\$ -	\$ -	\$ -
Improvements to property	4,500	11,690	-	16,190
Furniture, fixtures & equipment	12,318	7,559	-	19,877
Computer equipment & software	53,909	103,971	-	157,880
Textbooks	-	81,365	-	81,365
Total Capital Assets	<u>70,727</u>	<u>204,585</u>	<u>-</u>	<u>275,312</u>
Less Accumulated Depreciation				
Improvements to property	(1,438)	(4,909)	-	(6,347)
Furniture, fixtures & equipment	(2,296)	(2,601)	-	(4,897)
Computer equipment & software	(12,665)	(25,462)	-	(38,127)
Textbooks	-	(3,390)	-	(3,390)
Total Accumulated Depreciation	<u>(16,399)</u>	<u>(36,362)</u>	<u>-</u>	<u>(52,761)</u>
Capital Assets, net	<u>\$54,328.00</u>	<u>\$168,223</u>	<u>\$ -</u>	<u>\$222,551</u>

Depreciation expense for the year ended June 30, 2016 was \$36,362.

NOTE 4 – TRANSACTIONS WITH SERVICE COMPANY

The School entered into an agreement with Charter School Services Corporation, Inc. (“CSSC”) to provide consulting and professional services to the School. CSSC manages the finances and ledger and makes recommendations to the School’s management and independent board of directors, who make the final determinations regarding policies and contracts.

In providing consulting and professional services to the School, officers of the CSSC may not serve as members of the Board of Directors of the School. The agreement began on November 25th, 2013 and it is a five-year agreement with a School option to renew. The contract calls for a consulting and professional services fee equal to \$100 per student per month for accounting services and \$100 per student for online registration system. During the year ended June 30, 2016, the School incurred service fees of \$24,800. At June 30, 2016, the School had \$2,525 due to CSSC.

**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The School entered into a five-year lease agreement in August 2014 to lease office equipment (copier/printer) with Ricoh USA, Inc. The lease requires monthly lease payments of \$185. For the year ended June 30, 2016, the amount paid by the School for the use of the equipment was \$1,940.

In August 2015, the School entered into an agreement to lease the facility. The lease has a three-year term effective through July 31, 2018. For the year ended June 30, 2016, the amount paid by the School for the use of the facilities was \$231,244.

Estimated future minimum payments for these leases are as follows:

<u>Year Ended June 30</u>	
2017	308,467
2018	413,467
2019	37,217
2020	<u>277</u>
Total	<u>\$759,428</u>

NOTE 6 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in major banks. Deposits are insured by the Federal Depository Insurance Corporation ("FDIC") up to \$250,000 per depositor, per financial institution. As of June 30, 2016, the carrying amount of the School's operating cash deposit and internal accounts were \$82,192 and \$20,693, respectively, and the bank balances totaled \$119,515 and \$20,693, respectively. As of June 30, 2016, balances held in financial institutions do not exceed the Federal Depository Insurance Corporation (FDIC) limit.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible to pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2016.

**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

The School has a grant receivable due from the Public Charter School Grant Program Planning, Design and Implementation federal grant disbursed by the State of Florida in the amount of \$261,958 as of June 30, 2016.

NOTE 8 – RELATED PARTY LOANS

The School has a due to amount of \$105,774 with Jeffrey Miller, President of the Board of Directors. The current due amount bears no interest.

The School also has a long-term note payable of \$375,000 with Jeffrey Miller. The note payable bears interest at a rate of 3.22% per annum and repayment commences on July 1, 2016 monthly through June 30, 2019. The current and long-term portions of the debt are as follows:

Total debt	\$375,000
Less: Current portion	<u>121,660</u>
Total long-term debt	<u><u>253,340</u></u>

As of June 30, 2016, the future maturities under the note are as follows:

<u>Year Ended June 30</u>	
2017	\$121,660
2018	124,634
2019	<u>128,706</u>
Total	<u><u>\$375,000</u></u>

NOTE 9 – SHORT-TERM DEBT

The School has a short-term loan with a Charter School Facilities Fund in the amount of \$270,000 which is due in November 2016. The loan bears no interest, rather a loan fee of \$5,000 due at the time of repayment.

NOTE 10 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

**BEACON COLLEGE PREP CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	-	-	-
State passed through local	\$ 1,951,944	\$ 1,733,824	\$ 1,733,824
Local and other sources	165,000	126,645	126,645
TOTAL REVENUES	<u>2,116,944</u>	<u>1,860,469</u>	<u>1,860,469</u>
EXPENDITURES			
Current:			
Instruction	1,053,898	823,243	823,243
Instructional and Curriculum Development Services	96,688	54,019	54,019
Instructional Staff		-	-
Training Services	-	-	-
Board	10,000	-	-
General administration	-	-	-
School administration	377,706	468,553	468,553
Facilities Acquisition & Construction	226,800	231,244	231,244
Fiscal Services	31,600	111,479	111,479
Food Services	-	656	656
Central Services	-	-	-
Pupil transportation services	148,500	178,740	178,740
Operation of Plant	172,159	139,617	139,617
Maintenance of Plant	-	9,272	9,272
Technology Services	-	31,732	31,732
Capital Outlay:			
Other capital outlay	-	204,585	204,585
TOTAL EXPENDITURES	<u>2,117,351</u>	<u>2,253,140</u>	<u>2,253,140</u>
Excess revenues over expenditures	(407)	(392,671)	(392,671)
Other financing sources		-	-
Net change in fund balance	<u>\$ (407)</u>	<u>\$ (392,671)</u>	<u>\$ (392,671)</u>

**BEACON COLLEGE PREP CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	54,120	464,236	464,236
TOTAL REVENUES	54,120	464,236	464,236
EXPENDITURES			
Current:			
Instruction	54,120	421,934	421,934
Instructional and Curriculum Development Services	-	29,602	29,602
School Administration	-	12,700	12,700
TOTAL EXPENDITURES	54,120	464,236	464,236
Excess revenues over expenditures	-	-	-
Other financing sources	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -

**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – BUDGETARY INFORMATION

Budgetary Basis of Accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2016 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



DAVID D. SHARFF, C.P.A. - DECEASED
STEVEN C. WITTMER, C.P.A. - RETIRED
JOSEPH M. KURTZ, C.P.A. - RETIRED

MICHAEL L. JACKSON, C.P.A.
LUIS E. DIAZ, C.P.A.
MARTIN ROSEN, C.P.A.
JOSEPH M. JACKSON, C.P.A.

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

To the Board of Directors of
Beacon College Prep Charter School
Opa Locka, 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 the Beacon College Prep Charter School ("the "School"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 24, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Directors of
Beacon College Prep Charter School

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.

Sharff, Wittmer, Kurtz, Jackson & Diaz, P.A.

SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
August 24, 2016



CERTIFIED PUBLIC ACCOUNTANTS



DAVID D. SHARFF, C.P.A. - DECEASED
STEVEN C. WITTMER, C.P.A. - RETIRED
JOSEPH M. KURTZ, C.P.A. - RETIRED

MICHAEL L. JACKSON, C.P.A.
LUIS E. DIAZ, C.P.A.
MARTIN ROSEN, C.P.A.
JOSEPH M. JACKSON, C.P.A.

MANAGEMENT LETTER

To the Board of Directors
Beacon College Prep Charter School
Opa Locka, Florida

Report on the Financial Statements

We have audited the financial statements of Beacon College Prep Charter School (the "School"), a component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 24, 2016.

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated August 24, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Beacon College Prep Charter School.

Financial Condition

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2016 is not deteriorating. However, the following was noted that we would like to bring to the attention of the governing body of the School.

2016-1 Total fund balance deficit

Criteria

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

There is total fund balance deficit of \$117,690 at June 30, 2016.

Cause

During the year ended June 30, 2016, the School expanded their premises to accommodate additional students, thus approximately \$204,585 of capital improvements and equipment was purchased during the year. Also there was an increase in staff salaries to accommodate the increase in students.

Effect

The School has a total fund balance deficit of \$117,690 at June 30, 2016.

Recommendation

The School had a 118 student increase in 2015-2016 and expects an additional increase of 80 for the 2016-2017 school year. The School needs to properly budget its expected expenditures for the new school year.

Management's Response

During the year, the School expended over \$200,000 in capital improvements. This is not expected to recur in the coming year. This capital outlay created the deficit in the fund balance. For the coming school year, enrollment has increased and management is carefully budgeting expenses.

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. In connection with our audit, we did not have any such findings.

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 Beacon College Prep Charter 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, 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.



SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.
Certified Public Accountants

Coral Gables, Florida
August 24, 2016