

**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, 2017



CERTIFIED PUBLIC ACCOUNTANTS

**BEACON COLLEGE PREP CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS

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

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

2016-2017

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



SHARFF, WITTMER, KURTZ,
JACKSON & DIAZ
P.A.
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.
AMY K. BEENKEN, C.P.A.

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, 2017, 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, 2017, 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 24-26 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 non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 30, 2017, 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.

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

Coral Gables, Florida
August 30, 2017



CERTIFIED PUBLIC ACCOUNTANTS

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017.

FINANCIAL HIGHLIGHTS

1. At June 30, 2017, the School had current assets of \$156,063.
2. At June 30, 2017, the School had a deficit in net position of \$47,928.
3. For the year ended June 30, 2017, the School's revenues exceed expenses by \$246,059.

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, 2017 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, 2017**

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 – 23 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, 2017 and 2016 follows:

	2017	2016 (restated)
ASSETS		
Cash	\$ 127,405	\$ 102,885
Prepaid expenses	18,862	8,254
Grant receivable	9,796	261,958
Capital assets - net	145,655	222,551
Deposit	18,550	18,550
	<hr/>	<hr/>
TOTAL ASSETS	\$ 320,268	\$ 614,198
	<hr/>	<hr/>
LIABILITIES AND NET POSITION		
Accounts payable	\$ 23,340	\$ 24,278
Salaries, benefits and payroll taxes payable	124,856	109,285
Accrued Interest		23,848
Due to related party	-	105,774
Current portion of related party loan	-	121,660
Short-term debt	220,000	270,000
Total Current Liabilities	<hr/> 368,196	<hr/> 654,845
Related party loan	<hr/> -	<hr/> 253,340
Total Liabilities	<hr/> 368,196	<hr/> 908,185
	<hr/>	<hr/>
Net investment in capital assets	145,655	222,551
Unrestricted	<hr/> (193,583)	<hr/> (516,538)
	<hr/>	<hr/>
Total Net Position	<hr/> (47,928)	<hr/> (293,987)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 320,268	\$ 614,198
	<hr/>	<hr/>

At June 30, 2017, the School's total assets were \$320,268 and total liabilities were \$368,196. At June 30, 2017, the School reported total net position deficit of \$47,928.

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2017 and 2016 follows:

	2017	2016 (restated)
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 69,615	\$ 464,236
State capital outlay funding	104,970	
General Revenues		
FEFP nonspecific revenue	2,193,841	1,733,824
Fundraising and other revenue	540,825	126,645
Total Revenues	<u>\$ 2,909,251</u>	<u>\$ 2,324,705</u>
EXPENSES		
Instruction	\$ 1,160,243	\$1,245,177
Instructional support services	194,000	83,621
Board	64,167	-
School administration	315,076	481,253
Facilities and acquisition	313,614	231,244
Fiscal services	147,738	135,327
Food services	6,965	656
Central services	425	-
Pupil transportation services	157,740	178,740
Operation of plant	145,048	139,617
Maintenance of plant	27,528	9,272
Unallocated depreciation expense	92,992	36,362
Administrative technology services	37,656	31,732
Total Expenses	<u>\$ 2,663,192</u>	<u>\$2,573,001</u>
Change in Net Position	246,059	(248,296)
Net Position at Beginning of Year	(293,987)	(45,691)
Net Position at End of Year	<u>\$ (47,928)</u>	<u>\$ (293,987)</u>

The School's total revenues for the year ended June 30, 2017 were \$2,909,251 while its total expenses were \$2,663,192 for a net increase of \$246,059.

ACCOMPLISHMENTS

Beacon College Prep completed its third year of operations in 2016-17. The school increased its enrollment to over 300 students and added a 4th grade as anticipated and planned. Enrollment goals were met without any active recruitment and waitlists were established for each grade level demonstrating the need for and popularity of our program. Our students demonstrated significant academic gains as measured by the Florida State Assessment and the school improved its school grade from a "D" to a "C." The culture of the school continues to solidify and improve with great gains being made with respect to staff buy-in and teacher satisfaction as demonstrated by a 100% retention rate of teachers for 2017-18. Student and parent satisfaction surveys continue to show overwhelming support for the school with over 94% of parents and students indicating "very strong" support for our academic programs.

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.

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 \$193,583 and a negative net change in fund balance of \$52,045.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2017, amounts to \$145,655 (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 had a \$375,000 note payable to a related that bears interest at 3.22%, and matures in June 2019. This note and its accrued interest had been forgiven by the related party as of June 30, 2017. See Note 8.

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	\$ 69,000	\$ 69,615	\$ 69,615
State capital outlay funding	105,490	104,970	104,970
State passed through local	2,438,369	2,193,830	2,193,841
Local and other sources	-	900	540,825
TOTAL REVENUES	2,613,259	2,369,315	2,909,251
EXPENDITURES			
Current:			
Instruction	1,340,225	1,160,245	1,160,243
Instructional and curriculum development services	114,035	194,000	194,000
Board	-	64,200	64,167
School administration	586,078	315,108	315,076
Facilities acquisition & construction	327,600	313,650	313,614
Fiscal services	124,079	137,450	137,438
Food services	-	7,000	6,965
Central services	500	425	425
Pupil transportation services	129,600	157,800	157,740
Operation of plant	159,926	145,100	145,048
Maintenance of plant	10,235	27,547	27,528
Technology services	27,730	37,700	37,656
Capital Outlay:			
Other capital outlay	-	16,096	16,096
Debt Service:			
Interest	-	-	10,300
TOTAL EXPENDITURES	2,820,008	2,576,321	2,586,296
Excess of revenues over expenses	(206,749)	(207,006)	322,955
Decrease in long-term loan	-	-	375,000
Net change in fund balance	\$ (206,749)	\$(207,006)	\$ (52,045)

**BEACON COLLEGE PREP CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 127,405
Income receivable	9,796
Prepaid expenditures	<u>18,862</u>
Total current assets	156,063
 Capital Assets - net	 145,655
 Deposit	 <u>18,550</u>
 TOTAL ASSETS	 <u><u>\$ 320,268</u></u>
 LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	\$ 23,340
Short-term debt	220,000
Salaries, benefits and payroll taxes payable	<u>124,856</u>
Total current liabilities	368,196
Net position:	
Net investment in capital assets	145,655
Unrestricted	<u>(193,583)</u>
Total Net Position	<u>(47,928)</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 320,268</u></u>

**BEACON COLLEGE PREP CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 1,160,243	\$ -	\$ 69,615	\$ -	\$ (1,090,628)
Instructional support services	194,000	-	-	-	(194,000)
Board	64,167	-	-	-	(64,167)
School administration	315,076	-	-	-	(315,076)
Facilities and acquisition	313,614	-	-	-	(313,614)
Fiscal services	147,738	-	-	-	(147,738)
Food services	6,965	-	-	-	(6,965)
Central services	425	-	-	-	(425)
Pupil transportation services	157,740	-	-	-	(157,740)
Operation of plant	145,048	-	-	104,970	(40,078)
Maintenance of plant	27,528	-	-	-	(27,528)
Unallocated depreciation expense	92,992	-	-	-	(92,992)
Administrative technology services	37,656	-	-	-	(37,656)
Total Governmental Activities	<u>\$ 2,662,194</u>	<u>\$ -</u>	<u>\$ 69,615</u>	<u>\$ 104,970</u>	<u>\$ (2,488,607)</u>
GENERAL REVENUES:					
Government grants not restricted to specific programs					\$ 2,193,841
Contributions					539,922
Fundraising and other revenue					903
Total General Revenues					<u>2,734,666</u>
Change in Net Position					246,059
NET POSITION – BEGINNING (restated)					<u>(293,987)</u>
NET POSITION - ENDING					<u>\$ (47,928)</u>

**BEACON COLLEGE PREP CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Governmental Fund
ASSETS	
Cash and cash equivalents	\$ 127,405
Prepaid expenditures	18,862
Grant receivable	9,796
Deposit	18,550
TOTAL ASSETS	<u>\$ 174,613</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 23,340
Short-term debt	220,000
Salaries, benefits and payroll taxes payable	124,856
Total Liabilities	<u>368,196</u>
Fund Balance	
Nonspendable	
Deposit	18,550
Deficit in unassigned	<u>(212,133)</u>
Total Fund Balance (Deficit)	<u>(193,583)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 174,613</u></u>

**BEACON COLLEGE PREP CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Fund Balance (Deficit) - Governmental Funds	\$ (193,583)
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$291,408 net of accumulated depreciation of \$145,753 used in governmental activities are not financial resources and therefore are not reported in the funds.

145,655

Total Net Position - Governmental Activities

\$ (47,928)

BEACON COLLEGE PREP CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental
REVENUES				
Federal through state and local	\$ -	\$ 69,615	\$ -	\$ 69,615
State capital outlay funding			104,970	104,970
State passed through local	2,193,841	-	-	2,193,841
Contributions	539,922	-	-	539,922
Local and other sources	903	-	-	903
TOTAL REVENUES	2,734,666	69,615	104,970	2,909,251
EXPENDITURES				
Current:				
Instruction	1,090,628	69,615	-	1,160,243
Instructional support services	194,000	-	-	194,000
Board	64,167	-	-	64,167
School administration	315,076	-	-	315,076
Facilities and acquisition	313,614	-	-	313,614
Fiscal services	137,438	-	-	137,438
Food services	6,965	-	-	6,965
Central services	425	-	-	425
Pupil transportation services	157,740	-	-	157,740
Operation of plant	40,078	-	104,970	145,048
Maintenance of plant	27,528	-	-	27,528
Administrative technology services	37,656	-	-	37,656
Capital Outlay:				
Other capital outlay	16,096	-	-	16,096
Debt Service:				
Interest	10,300	-	-	10,300
TOTAL EXPENDITURES	2,411,711	69,615	104,970	2,586,296
Excess of revenues over expenses	322,955	-	-	322,955
Other financing uses:				
Decrease in long-term debt	375,000	-	-	375,000
Net change in Fund Balance	(52,045)	-	-	(52,045)
Fund balance at beginning of year (restated)	(141,538)	-	-	(141,538)
Fund balance deficit at end of year	\$ (193,583)	\$ -	\$ -	\$ (193,583)

**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, 2017**

Change in Fund Balance - Governmental Funds	\$ (52,045)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report long-term debt principal payments or forgiveness of debt in the statement of net position as reduction of liabilities instead of expenditures.

375,000

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 depreciation expense of \$92,992 exceeds capital outlays of \$16,096.

(76,896)

Change in Net Position of Governmental Activities	<u><u>\$246,059</u></u>
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**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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. These financial statements are for the year ended June 30, 2017 when 294 students were enrolled in grades kindergarten through fourth 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*.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

Measurement Focus 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.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. The School is eligible to receive an annual allocation of charter school capital outlay funds for leasing of School facilities.

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, 2017

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 properties 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) 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 is 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, 2017, was \$145,655.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017.

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

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, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Date of Management Review

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2017, 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, 2017:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Capital Assets				
Improvements to property	\$ 16,190	\$ 9,602	\$ -	\$ 25,792
Furniture, fixtures & equipment	19,877	4,555	-	24,432
Computer equipment & software	157,880	-	-	157,880
Textbooks	81,365	1,939	-	83,304
Total Capital Assets	<u>275,312</u>	<u>16,096</u>	<u>-</u>	<u>291,408</u>
Less Accumulated Depreciation				
Improvements to property	(6,347)	(8,197)	-	(14,544)
Furniture, fixtures & equipment	(4,897)	(4,696)	-	(9,593)
Computer equipment & software	(38,127)	(52,627)	-	(90,754)
Textbooks	(3,390)	(27,472)	-	(30,862)
Total Accumulated Depreciation	<u>(52,761)</u>	<u>(92,992)</u>	<u>-</u>	<u>(145,753)</u>
Capital Assets, net	<u>\$222,551</u>	<u>\$ (76,896)</u>	<u>\$ -</u>	<u>\$ 145,655</u>

Depreciation expense for the year ended June 30, 2017 was \$92,992.

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.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 – TRANSACTIONS WITH SERVICE COMPANY (Continued)

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, 2017, the School incurred service fees of \$32,515. At June 30, 2017, the School had \$2,825 due to CSSC.

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, 2017, the amount paid by the School for the use of the equipment was \$2,217.

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, 2017, the amount paid by the School for the use of the facilities was \$313,614.

As at June 30, 2017, future minimum payments for these leases are as follows:

<u>Year Ended June 30</u>	
2018	\$ 413,467
2019	37,217
2020	277
Total	<u>\$ 450,961</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, 2017, the carrying amount of the School's operating cash deposit and internal accounts were \$109,002 and \$18,403, respectively, and the bank balances totaled \$127,780 and \$18,403, respectively. As of June 30, 2017, 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, 2017.

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

NOTE 8 – RELATED PARTY LOANS

The School had a due to amount of \$130,774 with Jeffrey Miller, President of the Board of Directors.

The School also had a long-term note payable of \$375,000 with Jeffrey Miller. The note payable bore interest at a rate of 3.22% per annum and it matured on June 30, 2019.

The total amount of \$505,774 plus accrued interest of \$34,148 was forgiven by Jeffrey Miller as of June 30, 2017.

The following schedule provides a summary of changes in the long-term note payable for the year ended June 30, 2017:

Balance 6/30/2016	Advances	Forgiveness	Balance 6/30/2017
\$ 375,000	\$ -	\$ (375,000)	\$ -
<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (375,000)</u>	<u>\$ -</u>

Interest expense for this long-term note for the year ended June 30, 2017 was approximately \$10,300.

NOTE 9 – SHORT-TERM DEBT

As of June 30, 2017, the School has two short-term loans, totaling \$220,000 from Charter School Facilities Fund, to fund its operating cash flows, which mature in January 2018. The loans bear interest at a rate of 6% per annum and repayments are on a monthly interest only basis, commencing on the dates of each loan disbursement.

The following schedule provides a summary of changes in short-term debt for the year ended June 30, 2017:

Balance 6/30/2016	Advances	Repayments	Balance 6/30/2017
\$ 270,000	\$ 220,000	(\$ 270,000)	\$ 220,000
<u>\$ 270,000</u>	<u>\$ 220,000</u>	<u>(\$ 270,000)</u>	<u>\$ 220,000</u>

BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The School had not been accruing interest on a 2014 long-term note to a related party prior to the 2016-2017.fiscal year. Consequently, the School's change in Net Position for the year ended June 30, 2016 was understated by \$12,075 and the School's Net Position and Total Fund Balance as at June 30, 2016 were overstated by \$23,848. Accordingly, \$23,848 was adjusted in 2017 to restate the Net Position and Fund Balance as of the beginning of the year.

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, 2017

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,438,369	\$ 2,193,830	\$ 2,193,841
Contribution Income	-	-	539,922
Local and other sources	-	900	903
TOTAL REVENUES	<u>2,438,369</u>	<u>2,194,730</u>	<u>2,734,666</u>
EXPENDITURES			
Current:			
Instruction	1,271,225	1,090,630	1,090,628
Instructional and curriculum development services	114,035	194,000	194,000
Board	-	64,200	64,167
School administration	586,078	315,108	315,076
Facilities acquisition & construction	327,600	313,650	313,614
Fiscal services	124,079	137,450	137,438
Food services	-	7,000	6,965
Central services	500	425	425
Pupil transportation services	129,600	157,800	157,740
Operation of plant	54,036	40,130	40,078
Maintenance of plant	10,235	27,547	27,528
Technology services	27,730	37,700	37,656
Capital Outlay:			
Other capital outlay	-	16,096	16,096
Debt Service:			
Interest	-	-	10,300
TOTAL EXPENDITURES	<u>2,645,118</u>	<u>2,401,736</u>	<u>2,411,711</u>
Excess of revenues over expenses	(206,749)	(207,006)	322,955
Other financing uses:			
Decrease in long-term debt	-	-	375,000
Net change in fund balance	<u>\$ (206,749)</u>	<u>\$ (207,006)</u>	<u>\$ (52,045)</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, 2017**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	\$ 69,000	\$ 69,615	\$ 69,615
TOTAL REVENUES	69,000	69,615	69,615
EXPENDITURES			
Current:			
Instruction	69,000	69,615	69,615
TOTAL EXPENDITURES	69,000	69,615	69,615
Net change in fund balance	\$ -	\$ -	\$ -

**BEACON COLLEGE PREP CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 105,890	\$ 104,970	\$ 104,970
TOTAL REVENUES	<u>105,890</u>	<u>104,970</u>	<u>104,970</u>
EXPENDITURES			
Current:			
Operation of plant	105,890	104,970	104,970
TOTAL EXPENDITURES	<u>105,890</u>	<u>104,970</u>	<u>104,970</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BEACON COLLEGE PREP CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017 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).



SHARFF, WITTMER, KURTZ,
JACKSON & DIAZ
P.A.
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.
AMY K. BEENKEN, 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
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, 2017, 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 30, 2017.

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
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 30, 2017



CERTIFIED PUBLIC ACCOUNTANTS



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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, 2017, and have issued our report thereon dated August 30, 2017.

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 30, 2017, 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.

Board of Directors
Beacon College Prep Charter School

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, 2017 is not deteriorating. However, the following was noted that we would like to bring to the attention of the governing body of the School.

2017-1 Total Deficit in Net Position

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 a total fund balance deficit of \$193,583 at June 30, 2017, an increase of \$52,045 compared to \$141,538 at June 30, 2016.

Cause

During the year ended June 30, 2017, the School invested in its academic program to accommodate an increase in student enrollment.

Effect

The School has a total fund balance deficit of \$193,583 at June 30, 2017.

Recommendation

The School had a 56 student increase in 2016-2017 and expects an additional increase of more than 100 students for the 2017-2018 school year. The School needs to properly budget its expected expenditures for the new school year.

Management's Response

The loss was created primarily due to the school investing in its academic program. As the school's enrollment increases, the deficit will be reduced and eventually eliminated. The investment in the academics has resulted in superior academic results, which is driving a greater demand and waitlist.

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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Board of Directors
Beacon College Prep Charter School

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.

A handwritten signature in black ink that reads "Sharff, Wittmer, Kurtz, Jackson & Diaz, P.A." The signature is written in a cursive, flowing style.

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

Coral Gables, Florida
August 30, 2017