

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

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORTS
THEREON

Year Ended June 30, 2016

Stellar Leadership Academy, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stellar Leadership Academy, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Stellar Leadership Academy, Inc. (the "Charter School"), which is a component unit of the Miami-Dade County District School Board, Miami, Florida, as of, and for the year ended June 30, 2016, which collectively comprises the Charter School's basic financial statements as listed in the table of contents for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provision of Chapter 10.850, Charter School's audit, issued by the Auditor General of the State of Florida. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of 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.

INDEPENDENT AUDITORS' REPORT – Continued

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Charter School, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2016, on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 25–26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Miami, Florida
August 29, 2016

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Our discussion and analysis of the Stellar Leadership Academy, Inc.'s ("Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2016.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 13-20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The following table presents an analysis of the condensed government-wide statements of net position:

CONDENSED STATEMENT OF NET POSITION

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Variance</u>
Current assets	\$ 196,366	\$ 153,738	\$ 42,628
Noncurrent assets			
Capital assets, net of depreciation	46,564	-	46,564
Total assets	\$ 242,930	\$ 153,738	\$ 89,192
Current liabilities	\$ 47,906	\$ 40,657	\$ 7,249
Net Position			
Invested in capital assets, net of related debt	\$ 46,564	\$ -	\$ 46,564
Unrestricted	148,460	113,081	35,379
Total Net Position	\$ 195,024	\$ 113,081	\$ 81,943
Total Liabilities and Net Position	\$ 242,930	\$ 153,738	\$ 89,192

Current assets increased 28% due to an increase in student enrollment. At the end of the fiscal year, the Charter School is able to report a positive balance in the total net position with a net increase for the year of \$81,943. The Charter School's net position also reflects its investment in capital assets (e.g. buildings, building improvements, furniture, fixtures and equipment), net of related debt. The Charter School uses its capital assets to provide services to students. Consequently, these assets are not available for future spending.

Unrestricted assets increased 31% due to an increase in student enrollment.

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2016, the Charter school had no restricted assets. The remaining unrestricted balance may be used in any of the Charter School's ongoing operations.

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Government-wide Financial Analysis - Continued

The following table presents information on the condensed government-wide statements of changes in net position:

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 1,767,744	\$ 1,458,738	\$ 309,006
Program revenues:			
Operating grants and contributions	41,035	35,619	5,416
Capital grants and contributions	58,045	105,495	(47,450)
Total revenues	<u>1,866,824</u>	<u>1,599,852</u>	<u>266,972</u>
Expenses:			
Instruction	594,415	591,725	2,690
Pupil personnel services	9,390	22,847	(13,457)
Instruction and Curriculum Development Svc Board	-	10,000	(10,000)
General administration	15,351	25,397	(10,046)
School administration	194,543	184,407	10,136
Facilities Acquisition and Construction	252,265	260,960	(8,695)
Fiscal services	297,105	272,555	24,550
Food services	39,917	41,194	(1,277)
Central services	32,369	-	32,369
Pupil transportation	-	55,401	(55,401)
Operation of plant	37,030	38,810	(1,780)
Maintenance of plant	300,855	166,705	134,150
Unallocated depreciation expense	-	730	(730)
Total expenses	<u>11,641</u>	<u>-</u>	<u>11,641</u>
Total expenses	<u>1,784,881</u>	<u>1,670,731</u>	<u>114,150</u>
Change in Net Position	81,943	(70,879)	152,822
Net Position - July 1, 2015	<u>113,081</u>	<u>183,960</u>	<u>(70,879)</u>
Net Position - June 30, 2016	<u>\$ 195,024</u>	<u>\$ 113,081</u>	<u>\$ 81,943</u>

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Government-wide financial analysis - Continued

- At the end of the fiscal year there were 272 students in grades 9th through 12th grade. Revenues are based on the amount received per student from the State through the School Board of Miami-Dade County.
- Instruction expenses increased \$2,690 from the prior year. Expenses for instruction are the result of teachers' salaries and related benefits, and also materials and supplies that directly impact student learning.
- General administration increased \$10,136 from the prior year due primarily to increases in enrollment and its related administrator and other administrative personnel related benefits as well as administrative costs.
- Facilities and acquisition increased \$24,550 from the prior year due to an increase in lease payments as enrollment increases.
- Expense for pupil transportation services is due to the transportation of students to and from school.
- Plant operations expenses increased \$134,150 due to more security services needed to accommodate increased enrollment.

Financial Analysis of the Charter School's Funds

As noted earlier, the Charter School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the Charter School's governmental funds is to provide information on near-term inflows, outflows and spendable resources. Such information is useful in assessing the Charter School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Charter School's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2016 the Charter School's governmental fund reported a positive ending fund balance of \$148,460.

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Budgetary Highlights

Prior to the start of the School's fiscal year, the Board of directors of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. Budget to actual comparisons for fiscal year 2016 are presented on Page 25.

Variances reported in the budget to actual comparison for fiscal year 2016 resulted primarily from the following:

2016-

- The Charter School's budget-to-actual reports found on page 25 reflects significant positive and negative variances in almost all categories, this is due mainly to an increase in enrollment.
- Total revenues for the year was over the budget in the general fund by \$67,194 and under budget in the special revenue fund by \$46,253. This was due to an increase in student enrollment.
- Facilities acquisition and construction experienced an increase of \$178,548, due to an increase in enrollment and the need for additional classroom space.
- The operation of plant line item experienced an increase than budgeted due to increased enrollment and its related operational cost.

Capital Assets and Debt Administration

As of June 30, 2016 the Charter School had investment in capital assets of \$46,564. This amount is net of accumulated depreciation of \$93,776. Capital assets additions in the current year include new computers and furniture.

The Charter School has no outstanding debt.

Economic Factors

During fiscal year 2016, the Charter School experienced an increase in its net position of 24%. The major contributing factor was due to an increased in the student population.

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

School Enrollment

During the fiscal years June 30, 2016, the grade levels at the Charter School ranged from Grades 9th through 12th, with a total enrollment of 272 students.

Requests for Information

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

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

Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash	\$ 164,284
Accounts receivable	10,624
Deposit receivable	21,458
	<u>196,366</u>
Furniture, fixtures and equipment	140,340
Less accumulated depreciation	<u>(93,776)</u>
	46,564
Total Assets	<u><u>\$ 242,930</u></u>
Liabilities	
Accounts payable	20,790
Salaries and wages payable	27,116
Total liabilities	<u><u>\$ 47,906</u></u>
Net Position	
Invested in capital assets, net of related debt	\$ 46,564
Unrestricted	<u>148,460</u>
Total Net Position	<u><u>\$ 195,024</u></u>
Total Liabilities and Net Position	<u><u>\$ 242,930</u></u>

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

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

Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
Governmental activities					
Instruction	\$ 594,415	\$ -	\$ 29,004	\$ -	\$ (565,411)
Pupil personnel services	9,390	-	-	-	(9,390)
School Board	15,351	-	-	-	(15,351)
General administration	194,543	-	-	-	(194,543)
School administration	252,265	-	-	-	(252,265)
Facilities Acquisition and Construction	297,105	-	-	58,045	(239,060)
Fiscal services	39,917	-	-	-	(39,917)
Food services	32,369	-	12,031	-	(20,338)
Pupil transportation	37,030	-	-	-	(37,030)
Operation of plant	300,855	-	-	-	(300,855)
Unallocated depreciation expense	11,641	-	-	-	(11,641)
	\$ 1,784,881	\$ -	\$ 41,035	\$ 58,045	\$ (1,685,801)
General revenues:					
					1,738,045
School Board of Miami- Dade County - FTE					29,699
Miscellaneous					1,767,744
Total general revenues					1,767,744
Change in Net Position					81,943
Net Position - July 1, 2015					113,081
Net Position - June 30, 2016					\$ 195,024

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

STELLAR LEADERSHIP ACADEMY, INC.

A CHARTER SCHOOL AND COMPONENT UNIT OF THE MIAMI-DADE

COUNTY DISTRICT SCHOOL BOARD

FUND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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

Balance Sheet - Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 164,284	\$ -	\$ 164,284
Accounts receivable, net	10,624	-	10,624
Due from other fund	20,338	-	20,338
Deposits receivable	21,458	-	21,458
Total Assets	\$ 216,704	\$ -	\$ 216,704
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 20,790	\$ -	\$ 20,790
Due to other fund	-	20,338	20,338
Salaries and wages payable	27,116	-	27,116
Total liabilities	\$ 47,906	\$ 20,338	\$ 68,244
 Fund Balances:			
Nonspendable			
Deposits receivable	\$ 21,458	\$ -	\$ 21,458
Unassigned	147,340	(20,338)	127,002
Total fund balances	\$ 168,798	\$ (20,338)	\$ 148,460
Total Liabilities and Fund Balances	\$ 216,704	\$ -	\$ 216,704

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

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

Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2016

Total fund balances- Governmental funds, Page 12	\$	148,460
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	\$	140,340	
Accumulated depreciation		<u>(93,776)</u>	46,564

Total Net Position - governmental activities, Page 10	\$	<u>195,024</u>
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The accompanying notes are an integral part of these basic financial statements.

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

Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
for the Year Ended June 30, 2016

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues			
School Board of Miami- Dade County - FTE	\$ 1,738,045	\$ -	\$ 1,738,045
Operating grants and contributions	29,004	12,031	41,035
Capital grant and other contributions	58,045	-	58,045
Charges for services	-	-	-
Miscellaneous revenues	29,699	-	29,699
	<u>1,854,793</u>	<u>12,031</u>	<u>1,866,824</u>
Expenditures			
Instruction	594,415	-	594,415
Pupil personnel services	9,390	-	9,390
School Board	15,351	-	15,351
General administration	194,543	-	194,543
School administration	252,265	-	252,265
Facilities Acquisition and Construction	297,105	-	297,105
Fiscal services	39,917	-	39,917
Food services	-	32,369	32,369
Pupil transportation	37,030	-	37,030
Operation of plant	300,855	-	300,855
Capital outlay:			
Furniture & equipment	58,205	-	58,205
Total current expenditure	<u>1,799,076</u>	<u>32,369</u>	<u>1,831,445</u>
Excess (deficit) of revenues over expenditures	<u>55,717</u>	<u>(20,338)</u>	<u>35,379</u>
Fund balance - July 1, 2015	113,081	-	113,081
Fund balance - June 30, 2016	<u>\$ 168,798</u>	<u>\$ (20,338)</u>	<u>\$ 148,460</u>

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

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

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2016

Total net changes in fund balance - governmental funds, Page 14	\$	35,379
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Amounts reported for governmental activities in the statement of Net Position are different because:

Capital outlays are reported in governmental funds as expenditures however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Cost of capital assets purchased	\$	58,205	
Provision for depreciation		<u>(11,641)</u>	46,564

Change in Net Position of governmental activities, Page 10	\$	<u><u>81,943</u></u>
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The accompanying notes are an integral part of these basic financial statements.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

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

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

The general operating authority of the Academy is contained in Section 1002.33, Florida Statutes. The current charter is effective until June 30, 2020. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the Academy in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

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

2. Government-wide and fund financial statements

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