

**ADVANTAGE ACADEMY
SANTA FE CHARTER SCHOOL**

A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2012

King & Walker, CPAs, PL

Certified Public Accountants

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ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

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**Independent Auditor's Report on Basic Financial Statements and
Required Supplementary Information**

To the Board of Directors of the Advantage Academy Santa Fe Charter School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Advantage Academy Santa Fe Charter School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Advantage Academy Santa Fe Charter School as of June 30, 2012, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 16, 2012, on our consideration of the Advantage Academy Santa Fe Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts and grants, and other guidelines included under the heading ***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***. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Respectfully submitted,

King & Walker, CPAs

August 16, 2012
Tampa, Florida

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Advantage Academy Santa Fe Charter School ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2012.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 23.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the School's revenues exceeded expenses as shown on the School's statement of activities by \$140,691.
- As shown on the statement of net assets, the School reported an unrestricted Net Asset balance of \$64,307.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets and the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and internal account activities, and a Special Revenue Fund to account for Federal grant programs. Each of these funds are major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major Special Revenue Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2012:

	Net Assets, End of Year	
	<u>Governmental Activities</u>	
	<u>6-30-12</u>	
ASSETS		
Current and Other Assets	\$	236,452
Capital Assets, net		<u>73,083</u>
Total Assets		<u><u>309,535</u></u>
LIABILITIES		
Current Liabilities		165,645
Long Term Liabilities		<u>39,000</u>
Total Liabilities		<u>204,645</u>
NET ASSETS		
Invested in Capital Assets		40,583
Unrestricted		<u>64,307</u>
Total Net Assets		<u>104,890</u>
Total Liabilities and Net Assets	\$	<u><u>309,535</u></u>

Since this was the first year of operation, there were no prior year amounts for comparison. The assets of the School primarily consist of cash. Liabilities consist primarily of a short term loan and accrued salary and wages payable. Total net assets amounted to \$104,890 which included an Unrestricted Net Asset balance of \$64,307.

The key elements of the changes in the School's net assets for the fiscal year ended June 30, 2012 are as follows:

	Operating Results for the Year	
	<u>Governmental Activities</u>	
	<u>6-30-12</u>	
Revenues:		
Federal sources	\$	300,437
State and Local sources		1,854,014
Contributions and Other		29,846
Total Revenues		<u>2,184,297</u>
Expenses:		
Instruction		1,041,673
Board of Education		80,598
School Administration		240,975
Facilities Acq. & Construction		337,290
Fiscal Services		4,201
Food Services		92,001
Pupil Transportation		35,100
Operation of Plant		125,393
Community Services		86,375
Total Expenses		<u>2,043,606</u>
Increase in Net Assets	\$	<u>140,691</u>

The largest revenue source for the School is the State of Florida (77 %). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentration of expenses was for Instruction which represents 51% of total expenditures.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$70,807.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2012, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual expenditures were equal to the final budget.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$73,083 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, and leasehold improvements. Additional information regarding the School's capital assets can be found in note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2013 include:

- Continued funding from FEFP.
- Expected increase in enrollment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Advantage Academy Santa Fe Charter School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charter School Associates, Inc., 12524 W. Atlantic Blvd., Coral Springs, FL 33071.

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash & Cash Equivalents	\$ 195,031
Due From Other Agency	39,874
Prepaid Expenses and Deposits	1,547
Total Current Assets	<u>236,452</u>
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	51,638
Leasehold Improvements, Net	21,445
Total Capital Assets, Net	<u>73,083</u>
TOTAL ASSETS	<u><u>\$ 309,535</u></u>
 LIABILITIES	
Accounts Payable	\$ 3,088
Salaries and Benefits Payable	130,057
Short-Term Notes Payable	32,500
Long Term Liabilities:	
Note Payable, due within one year	39,000
TOTAL LIABILITIES	<u>204,645</u>
 NET ASSETS	
Invested in Capital Assets, Net of Related Debt	40,583
Unrestricted	64,307
Total Net Assets	<u>104,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 309,535</u></u>

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

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 1,041,673	\$ -	\$ 223,486	\$ -	\$ (818,187)	\$ (818,187)
Board of Education	80,598		973		(79,625)	(79,625)
School Administration	240,975		31,513		(209,462)	(209,462)
Facilities Acquisition & Construction	337,290			13,362	(323,928)	(323,928)
Fiscal Services	4,201				(4,201)	(4,201)
Food Services	92,001	27,470	47,279		(17,252)	(17,252)
Pupil Transportation	35,100				(35,100)	(35,100)
Operation of Plant	125,393				(125,393)	(125,393)
Community Services	86,375	74,837			(11,538)	(11,538)
Total Governmental Activities	\$ 2,043,606	\$ 102,307	\$ 303,251	\$ 13,362	(1,624,686)	(1,624,686)
General Revenues:						
State and Local sources					1,735,531	1,735,531
Contributions and Other					29,846	29,846
Total General Revenues					1,765,377	1,765,377
Change in Net Assets					140,691	140,691
Net Assets - July 1, 2011					(35,801)	(35,801)
Net Assets - June 30, 2012					\$ 104,890	\$ 104,890

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

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
ASSETS			
Cash & Cash Equivalents	\$ 177,387	\$ 17,644	\$ 195,031
Due from Other Agency	14,141	25,733	39,874
Due From Other Fund	40,498		40,498
Prepaid Expenses and Deposits	1,547		1,547
Total Assets	\$ 233,573	\$ 43,377	\$ 276,950
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 3,088	\$ -	\$ 3,088
Salaries and Benefits Payable	127,178	2,879	130,057
Due to Other Fund		40,498	40,498
Short-Term Notes Payable	32,500		32,500
Total Liabilities	162,766	43,377	206,143
Fund Balance:			
Spendable - Unassigned	69,260		69,260
Nonspendable	1,547		1,547
Total Fund Balances	70,807	-	70,807
Total Liabilities and Fund Balances	\$ 233,573	\$ 43,377	\$ 276,950

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

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total Fund Balances - Governmental Funds	\$ 70,807
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of a notes payable.	(39,000)
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>73,083</u>
Total Net Assets - Governmental Activities	<u><u>\$ 104,890</u></u>

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

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
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 Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental:			
Federal Through Local	\$ -	\$ 300,437	\$ 300,437
State and Local	1,826,544	27,470	1,854,014
Contributions and Other	29,846		29,846
Total Revenues	<u>1,856,390</u>	<u>327,907</u>	<u>2,184,297</u>
Expenditures			
Current - Education:			
Instruction	844,984	185,861	1,030,845
Board of Education	79,625	973	80,598
School Administration	209,462	31,513	240,975
Facilities Acquisition & Construction	337,290		337,290
Fiscal Services	4,201		4,201
Food Services	17,252	74,749	92,001
Pupil Transportation	35,100		35,100
Operation of Plant	125,393		125,393
Community Services	86,375		86,375
Fixed Capital Outlay:			
Other Capital Outlay	49,100	34,811	83,911
Total Expenditures	<u>1,788,782</u>	<u>327,907</u>	<u>2,116,689</u>
Net Change in Fund Balances	67,608	-	67,608
Fund Balances, July 1, 2011	3,199	-	3,199
Fund Balances, June 30, 2012	<u>\$ 70,807</u>	<u>\$ -</u>	<u>\$ 70,807</u>

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

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Governmental Funds	\$	67,608
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Amounts reported for governmental activities in the statement of activities 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.

This is the amount of capital outlay (\$83,911) in excess of depreciation expense (\$10,828) in the current period.

73,083

Change in Net Assets - Governmental Activities	\$	<u><u>140,691</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Advantage Academy Santa Fe Charter School ("School"), is a component unit of the School Board of Miami-Dade County, Florida. The School is sponsored by its charter-holder Advantage Academy of Miami, 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 in August 2005. The governing body of the School is the Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida, ("District"). The charter was granted starting for the 2011-12 school year and is effective until June 30, 2015 and is subject to annual review and may be renewed by mutual agreement between the School and the District. 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 this case, the District is required to notify the school 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. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School'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 provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS

June 30, 2012

associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for certain Federal grant program resources.

➤ Basis of Accounting

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime

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A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS

June 30, 2012

factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Deposits and Investments**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits must be placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5-10 years
Leasehold Improvements	20 years

➤ **Budgets and Budgetary Accounting**

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 benefits, purchased services, materials and supplies and capital outlay) within

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students (FTE) reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2012, the School reported 295.50 unweighted FTE and 321.48 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state 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.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Net Assets and Fund Balance Classification**

Government-wide Financial Statements

Net assets are classified and reported in three components:

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

Fund Financial Statements

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.

- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

➤ Use of Estimates

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net assets and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS

June 30, 2012

2. DUE FROM OTHER AGENCY

The amount due from other agency on the School's Statement of Net Assets and Balance Sheet – Governmental Funds represents expenditures awaiting reimbursement from the School Board of Miami-Dade County grant reimbursements. This receivable is considered fully collectible and therefore, no allowance for uncollectible accounts has been established.

3. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2012, the School's Special Revenue Fund owed the General Fund \$40,498 for Federal grant expenditures paid out of the General Fund. These amounts are netted together and not reported in the statement of net assets.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ -	\$ 61,630	\$ -	\$ 61,630
Leasehold Improvements	-	22,281	-	22,281
Total Capital Assets Being Depreciated	-	83,911	-	83,911
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	-	(9,992)	-	(9,992)
Leasehold Improvements	-	(836)	-	(836)
Total Accumulated Depreciation	-	(10,828)	-	(10,828)
Governmental Activities Capital Assets, net	\$ -	\$ 73,083	\$ -	\$ 73,083

All depreciation is allocated to the Instruction function on the Statement of Activities.

5. OPERATING LEASES

The School is currently leasing the school facility and copier equipment. The leases contain varying renewal options and require the school to pay insurance and other costs. Future minimum lease payments under non-cancellable operating leases as of June 30, 2012 are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Minimum Lease Payments</u>
2013	\$ 391,320
2014	410,535
2015	425,445
2016	444,875
2017	467,119
2018-2020	1,546,221
Total Minimum Lease Payments	\$ 3,685,515

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

6. SHORT-TERM DEBT

The School had short-term notes payable due on demand, bearing interest at a rate of 3%, to provide cash flow for operations at times of slow cash flow. Short-term debt activity for the year ended June 30, 2012 follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Note Payable - July 18, 2011	\$ -	\$ 2,000	\$ -	\$ 2,000
Notes Payable - October 20, 2011	-	30,500	-	30,500
Total Short-Term Notes Payable	<u>\$ -</u>	<u>\$ 32,500</u>	<u>\$ -</u>	<u>\$ 32,500</u>

7. LONG-TERM DEBT

All long-term debt represents amounts to be repaid from governmental activities. As of June 30, 2012, the Schools long-term debt consisted of the following notes payable:

<u>Charter School Associates, Inc. - Demand Notes Payable</u>	<u>Balance at 6-30-12</u>
Promissory Notes bearing a 3% interest rate maturing on demand by the lender. The borrower shall pay interest only at the note rate based on the outstanding principal loan balance as of the last day of the previous month. The outstanding principal loan balance and interest shall be due and payable in full on the maturity date which is the demand date.	<u>\$ 39,000</u>

Amounts payable for the note payable follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ -	\$ -	\$ -
2014	40,170	39,000	1,170
Total	<u>\$ 40,170</u>	<u>\$ 39,000</u>	<u>\$ 1,170</u>

8. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 39,000	\$ -	\$ -	\$ 39,000	\$ -
Total Governmental Activities	<u>\$ 39,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,000</u>	<u>\$ -</u>

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

9. OPERATING AGREEMENT

The School entered into a contract for the period July 1, 2010, to June 30, 2015 with Charter School Associates (CSA). The contract calls for CSA to provide the School with marketing, curriculum design and implementation; student and staff recruiting; principal selection; and general management of the School's operations. An annual fee is to be 10% of the School's gross operating revenue less the School's administrative fee, to be paid in monthly installments and subject to a specified fiscal year ended fund balance. Fees under this agreement incurred to CSA during the 2011-12 fiscal year amounted to \$57,214.

10. SCHEDULE OF FEDERAL, STATE & LOCAL REVENUE SOURCES

The following is a schedule of the School's Federal, State and local revenue for the 2011-12 fiscal year:

<u>Source</u>	<u>Amount</u>
<u>FEDERAL:</u>	
Child Nutrition Cluster	\$ 47,279
Charter School Implementation Grant	253,158
Total Federal Revenue	<u>300,437</u>
<u>STATE:</u>	
Florida Education Finance Program	1,124,344
Categorical Educational Programs:	
Class Size Reduction	385,137
ESE Guaranteed Allocation	4,266
Supplementary Academic Instruction	96,219
Instructional Materials	22,123
Student Transportation	16,575
Safe Schools	8,310
Lottery Allocation	988
Charter School Capital Outlay	13,362
Florida Teachers' Lead Program	2,814
Total State Revenue	<u>1,674,138</u>
<u>LOCAL:</u>	
Discretionary Millage	77,569
After Care Program	74,837
Student Lunches	27,470
Total Local Revenue	<u>179,876</u>
Total State and Local Revenue	<u>\$ 1,854,014</u>

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of total funding or \$73,415.

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A Charter School and Component Unit of the District School Board of
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NOTES TO FINANCIAL STATEMENTS

June 30, 2012

11. RISK MANAGEMENT PROGRAMS

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

12. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2012, may be impaired.

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

13. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

14. RELATED PARTY TRANSACTIONS

The School is under contract for operating consulting services. The School received short-term loans of \$32,500 to provide cash for current operations from the school consultant services company. In the prior fiscal year, the School received loans of \$39,000 to provide cash for operations and these demand notes have been reclassified to long-term loans as of the end of the current fiscal year. See Notes to Financial Statement 6, 7, and 8 for additional information.

15. SUBSEQUENT EVENTS

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL

A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND- (UNAUDITED)

For the Fiscal Year Ended June 30, 2012

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal through Local	\$ -	\$ -	\$ -	\$ -	\$ 354,885	\$ 300,437	\$ 300,437	\$ -
State and Local	1,797,427	1,826,544	1,826,544	-	35,508	27,470	27,470	-
Contributions and Other	30,500	29,846	29,846	-	-	-	-	-
Total Revenues	1,827,927	1,856,390	1,856,390	-	390,393	327,907	327,907	-
Expenditures:								
Current - Education:								
Instruction	706,069	844,984	844,984	-	211,540	185,861	185,861	-
Instructional Media	2,000	-	-	-	-	-	-	-
Instruction & Curriculum Development	1,190	-	-	-	-	-	-	-
Instructional Staff Training	5,000	-	-	-	-	-	-	-
Board of Education	280,947	79,625	79,625	-	3,893	973	973	-
School Administration	128,616	209,462	209,462	-	24,756	31,513	31,513	-
Facilities Acquisition & Construction	386,430	337,290	337,290	-	-	-	-	-
Fiscal Services	-	4,201	4,201	-	-	-	-	-
Food Services	16,624	17,252	17,252	-	74,749	74,749	74,749	-
Pupil Transportation	36,103	35,100	35,100	-	-	-	-	-
Operation of Plant	131,646	125,393	125,393	-	-	-	-	-
Maintenance of Plant	6,400	-	-	-	-	-	-	-
Community Services	60,938	86,375	86,375	-	-	-	-	-
Fixed Capital Outlay:								
Other Capital Outlay	49,100	49,100	49,100	-	34,811	34,811	34,811	-
Debt Service:								
Principal	13,259	-	-	-	-	-	-	-
Interest & Fiscal Charges	1,049	-	-	-	-	-	-	-
Total Expenditures	1,825,371	1,788,782	1,788,782	-	349,749	327,907	327,907	-
Net Change in Fund Balances	2,556	67,608	67,608	-	40,644	-	-	-
Fund Balances, July 1, 2011	3,199	3,199	3,199	-	-	-	-	-
Fund Balances, June 30, 2012	\$ 5,755	\$ 70,807	\$ 70,807	\$ -	\$ 40,644	\$ -	\$ -	\$ -

See Independent Auditor's Report.

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

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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 the Advantage Academy Santa Fe Charter School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the basic financial statements of the Advantage Academy Santa Fe Charter School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon included under the heading ***Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information***. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the School's financial statements for the fiscal year ended June 30, 2012, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other guidelines, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

King & Walker, CPAs

August 16, 2012
Tampa, Florida

Members:
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Government Audit Quality Center

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

To the Board of Directors of the Advantage Academy Santa Fe Charter School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the basic financial statements of the Advantage Academy Santa Fe Charter School (“School”), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 16, 2012.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated August 16, 2012. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. This is the School’s first audit and therefore, there were no prior audit findings.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. We applied financial condition assessment procedures pursuant to Rules of the Auditor General (Section 10.855(10)). The School has not met any of the conditions of the referenced statute and is not in a state of financial emergency.

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. 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 Rules of the Auditor General (Section 10.854(1)(e)3.), 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.

The Rules of the Auditor General (Section 10.854(1)(e)4,5.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

- Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
- Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
- Control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions, and (3) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(e)6.), require we disclose the name or official title of the school or center. The school's official name is Advantage Academy Santa Fe Charter School.

This letter is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

A handwritten signature in black ink that reads "King Q Walker, CPAs". The signature is written in a cursive, slightly slanted style.

August 16, 2012
Tampa, Florida

ADVANTAGE ACADEMY SANTA FE CHARTER SCHOOL
A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

Year Ended June 30, 2012

The following is the School's response to the item in the Management Letter dated August 16, 2012, as required by Rule 10.857, Rules of the Auditor General:

No response required.