



**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF  
PINELLAS COUNTY, FLORIDA**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

**JUNE 30, 2016**



## CONTENTS

	<u>Page</u>
<b>Management’s Discussion and Analysis</b>	1-7
<b>Independent Auditor’s Report on Basic Financial Statements and Supplementary Information</b>	8-9
<b>Basic Financial Statements:</b>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Assets and Liabilities	16
Notes to Financial Statements	17-29
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule – General Fund	30
<b>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 <i>Government Auditing Standards</i></b>	31-32
<b>Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers:</i></b>	
Management Letter	33-35
Written Statement of Explanation or Rebuttal	36

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academie Da Vinci Charter School, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's total net position decreased compared to the prior year.
- For the fiscal year ended June 30, 2016, the School's expenses exceeded revenues by \$41,464, which is a decrease from the prior year when revenues exceeded expenses by \$61,734.
- Overall, revenues increased by approximately \$36,000, which was a 2% increase from the prior year.
- Overall, expenses increased by approximately \$140,000, which was an 8% increase from the prior year.
- Total assets were \$979,218, total liabilities were \$259,468 and deferred inflows of resources were \$53,195 resulting in a net position of \$666,555 as of June 30, 2016.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
  - The *fiduciary fund* financial statement provides information about the financial relationships in which the School acts solely as an agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Fund
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations

## **Government-wide financial statements**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

## **Fund financial statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has two types of funds:

- *Governmental funds* – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

- *Fiduciary funds* – The School is the agent, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net position

The School's combined net position as of June 30, 2016 and 2015 is summarized as follows – see table below.

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2016</b>	<b>(as restated) 2015</b>	
Current and other assets	\$ 304,287	\$ 463,568	-34%
Capital assets, net	674,931	337,448	100%
Total assets	<u>979,218</u>	<u>801,016</u>	<u>22%</u>
Current and other liabilities	227,109	34,804	553%
Long-term liabilities	32,359	58,193	-44%
Total liabilities	<u>259,468</u>	<u>92,997</u>	<u>179%</u>
Deferred inflows of resources	53,195	-	100%
Net position:			
Net investment in capital assets	642,572	279,255	130%
Unrestricted	23,983	428,764	-94%
Total net position	<u>\$ 666,555</u>	<u>\$ 708,019</u>	<u>-6%</u>

Current and other assets of the School decreased due to the purchase of capital assets in the current year. Capital assets, net and net investment in capital assets increased due to current year additions in excess of depreciation expense.

Current and other liabilities increased due to amounts payable for construction in progress at year-end. Deferred inflows of resources increased due to an increase in deferred rent attributable to the current year.

The change in total net position was due to the current year operating deficit and the activity noted above.

Certain reclassifications were made in the 2015 amounts to conform to their classifications in fiscal year 2016.

### Change in net position

The School's total revenues increased by 2% to \$1,896,674, and the total cost of all programs and services increased by 8% to \$1,938,138 – see table below.

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2016</b>	<b>(as restated) 2015</b>	
<b>Revenues:</b>			
State and local sources	\$ 1,748,794	\$ 1,718,546	2%
Contributions and other revenue	147,880	141,674	4%
Total revenues	<u>1,896,674</u>	<u>1,860,220</u>	<u>2%</u>
<b>Expenses:</b>			
Instruction	1,051,592	999,582	5%
Instructional staff training	5,052	4,896	3%
Instruction-related technology	41,232	17,868	131%
Board	33,533	31,513	6%
General administration	83,465	85,393	-2%
School administration	241,398	224,885	7%
Fiscal	15,244	16,836	-9%
Food	13,961	8,259	69%
Operation and maintenance of plant	420,317	374,736	12%
Community services	28,290	32,896	-14%
Interest on long-term debt	4,054	1,624	150%
Total expenses	<u>1,938,138</u>	<u>1,798,488</u>	<u>8%</u>
Change in net position	<u>\$ (41,464)</u>	<u>\$ 61,732</u>	<u>-167%</u>

State and local sources increased due to an increased allocation of FEFP revenues.

Instruction increased due to additional contracted student services and school recognition bonuses. The school addressed student technical needs thus causing an increase in instruction-related technology. An additional part-time employee in school administration created an increase from prior year. Operation of plant increased due to deferred rent as described in the notes of the financial statements.

Certain reclassifications were made in the 2015 amounts to conform to their classifications in fiscal year 2016.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$77,178. Both revenues and expenditures increased overall for the same reasons described above.

### General fund budgetary highlights

For the year ended June 30, 2016, actual general fund revenues were consistent with final budgeted amounts.

For the year ended June 30, 2016, actual general fund expenditures were approximately \$404,000 above the final budget, which represents a 23% budget variance. The variance was primarily due to capital outlay expenditures, which were not included in the budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital assets

The School's investment in capital assets at the end of fiscal 2016 amounts to \$674,931 (net of accumulated depreciation). See table below:

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2016</u>	<u>2015</u>	<u>(Decrease)</u>
Construction in progress	\$ 349,783	\$ -	100%
Buildings and leasehold improvements	692,470	678,476	2%
Furniture, fixtures and equipment	291,543	247,476	18%
Less accumulated depreciation	<u>(658,865)</u>	<u>(599,504)</u>	<u>10%</u>
Total capital assets, net	<u>\$ 674,931</u>	<u>\$ 326,448</u>	<u>107%</u>

This year's major capital asset additions include the following:

- Construction in progress (leasehold improvements) - \$349,783
- iPads and iPad carts - \$39,050

There were no capital asset disposals in the current year. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

### Long-term debt

As of June 30, 2016, the School has \$32,359 in capital lease obligation for equipment. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2017:

- Projected increase in student population
- Projected salary increases

Amounts available for appropriation in the general fund are approximately \$1,898,000, an increase of 3% over the final 2016 amount of \$1,836,832. FEFP revenue is expected to increase due to an increase in the number of students.

Budgeted expenditures are expected to be approximately \$1,892,000, a decrease of 14% from the final 2016 amount of \$2,188,418. Expenditures are expected to decrease overall due to no expected capital outlay expenditures and an increase in expenditures to accommodate the increase in the number of students the School serves. The School has added no major new programs to the fiscal 2017 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to increase by the close of fiscal 2017.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1060 Keene Road, Dunedin, Florida 34698.

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

To the Board of Directors of Academie Da Vinci Charter School, Inc., a Charter School  
and Component Unit of the District School Board of Pinellas County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. (the "School"), a charter school and component unit of the District School Board of Pinellas County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Winter Park, Florida  
September 21, 2016

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 262,280
Accounts receivable	6,070
Other assets	35,937
Capital assets:	
Construction in progress	349,783
Buildings and leasehold improvements	692,470
Furniture, fixtures and equipment	291,543
Less accumulated depreciation	(658,865)
Total capital assets, net	674,931
Total assets	\$ 979,218
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	227,109
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease obligation	9,139
Portion due and payable after one year:	
Capital lease obligation	23,220
Total liabilities	259,468
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred rent	53,195
<b>NET POSITION</b>	
Net investment in capital assets	642,572
Unrestricted	23,983
Total net position	666,555
Total liabilities, deferred inflows of resources and net position	\$ 979,218

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 1,051,592	\$ -	\$ -	\$ -	\$ (1,051,592)	\$ (1,051,592)
Instructional staff training	5,052	-	-	-	(5,052)	(5,052)
Instruction-related technology	41,232	-	-	-	(41,232)	(41,232)
Board	33,533	-	-	-	(33,533)	(33,533)
General administration	83,465	-	-	-	(83,465)	(83,465)
School administration	241,398	-	-	-	(241,398)	(241,398)
Fiscal	15,244	-	-	-	(15,244)	(15,244)
Food	13,961	10,849	-	-	(3,112)	(3,112)
Operation and maintenance of plant	420,317	-	-	-	(420,317)	(420,317)
Community services	28,290	75,608	-	-	47,318	47,318
Interest on long-term debt	4,054	-	-	-	(4,054)	(4,054)
<b>Total primary government</b>	<b>\$ 1,938,138</b>	<b>\$ 86,457</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,851,681)</b>	<b>\$ (1,851,681)</b>
General revenues:						
State and local sources				1,748,794	1,748,794	
Contributions and other revenue				61,423	61,423	
Total general revenues				1,810,217	1,810,217	
Change in net position				(41,464)	(41,464)	
Net position at beginning of year, as restated				708,019	708,019	
Net position at end of year				\$ 666,555	\$ 666,555	

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2016**

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 262,280	\$ -	\$ 262,280
Accounts receivable	804	5,266	6,070
Other current assets	35,937	-	35,937
Due from other governmental fund	5,266	-	5,266
Total assets	<u>\$ 304,287</u>	<u>\$ 5,266</u>	<u>\$ 309,553</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenditures	\$ 227,109	\$ -	\$ 227,109
Due to general fund	-	5,266	5,266
Total liabilities	<u>227,109</u>	<u>5,266</u>	<u>232,375</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Other assets	35,937	-	35,937
Unassigned	41,241	-	41,241
Total fund balances	<u>77,178</u>	<u>-</u>	<u>77,178</u>
Total liabilities and fund balances	<u>\$ 304,287</u>	<u>\$ 5,266</u>	<u>\$ 309,553</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2016**

<b>Total fund balances - total governmental funds</b>	<b>\$ 77,178</b>
---	------------------

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 as assets in the governmental funds. The cost of the assets is \$1,333,796, and the accumulated depreciation is \$658,865.	674,931
--	---------

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 include: Capital lease obligation	(32,359)
--	----------

Deferred rent is not due and payable in the current period and, therefore, is not reported as deferred inflows of resources in the governmental funds.	(53,195)
--	----------

<b>Total net position - governmental activities</b>	<b><u>\$ 666,555</u></b>
---	--------------------------

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
State and local sources	\$ 1,688,952	\$ 59,842	\$ 1,748,794
Contributions and other revenue	147,880	-	147,880
Total revenues	<u>1,836,832</u>	<u>59,842</u>	<u>1,896,674</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,011,449	-	1,011,449
Instructional staff training	5,052	-	5,052
Instruction-related technology	41,232	-	41,232
Board	33,533	-	33,533
General administration	83,465	-	83,465
School administration	222,180	-	222,180
Fiscal	15,244	-	15,244
Food	13,961	-	13,961
Operation and maintenance of plant	307,280	59,842	367,122
Community services	28,290	-	28,290
Debt service:			
Principal	25,834	-	25,834
Interest	4,054	-	4,054
Capital outlay	396,844	-	396,844
Total expenditures	<u>2,188,418</u>	<u>59,842</u>	<u>2,248,260</u>
Net changes in fund balances	(351,586)	-	(351,586)
Fund balances at beginning of year, as restated	428,764	-	428,764
Fund balances at end of year	<u>\$ 77,178</u>	<u>\$ -</u>	<u>\$ 77,178</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

**Net changes in fund balances - total governmental funds** \$ (351,586)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$396,844) exceeds depreciation expense (\$59,361) in the current period. 337,483

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 25,834

Changes in deferred rent expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount by which the deferred inflows of resources changed in the fiscal year. (53,195)

**Change in net position of governmental activities** \$ (41,464)

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**JUNE 30, 2016**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,592
Total assets	<u>\$ 11,592</u>
<b>LIABILITIES</b>	
Due to others	\$ 11,592
Total liabilities	<u>\$ 11,592</u>

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

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Academie Da Vinci Charter School, Inc.. (the "School") is 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 not-for-profit corporation Board of Directors, which is composed of seven 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 Pinellas County, Florida (the "School Board"). The current charter is effective until June 30, 2025 and may be renewed by mutual written agreement between the School and the School Board. 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 this case, the School Board 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 School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB") accounting guidance; 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 of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. 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**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general fund is considered a major fund. The capital projects fund is considered non-major and is included as the other governmental fund.

Fiduciary Fund:

- Agency Fund – to account for school internal funds, which are established to record the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Basis of accounting**

Basis of accounting refers to when revenues and expenses/expenditures 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 and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary basis accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

**Cash and cash equivalents**

The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of June 30, 2016, all cash balances were fully insured by the FDIC. Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**Capital assets and depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is as follows:

	<u>Years</u>
Buildings and leasehold improvements	7 - 20
Furniture, fixtures and equipment	5 - 10

Information relative to changes in capital assets is described in Note 3.

**Deferred rent**

Rent expense on non-cancelable leases containing known future scheduled rent increases or rent holidays are recorded on a straight-line basis over the term (including the renewal option periods) of the respective leases. The excess of rent expense over rent paid is accounted for as deferred rent.

**Revenue sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the 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 reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net position and restricted fund balance in the accompanying statement of net position and balance sheet – governmental funds, respectively.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Income taxes**

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

The School assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is “more likely than not” that its tax positions will be sustained upon an examination by the Internal Revenue Service (“IRS”) or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School’s financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same “more likely than not” measurement threshold. With few exceptions, the School is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012.

**Fund balance spending policy**

The School’s adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to the Principal to assign funds up to the amount of \$3,000. There are no minimum fund balance requirements for any of the School’s funds.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Use of estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the balance sheet and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**Subsequent events**

The School has evaluated subsequent events through September 21, 2016, the date these financial statements were available to be issued.

**2 INTERFUND ACTIVITIES**

Due to/from other funds consisted of the following balances as of June 30, 2016:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General fund	\$ 5,266	\$ -
Other non-major governmental fund	-	5,266
Total interfund	\$ 5,266	\$ 5,266

The amounts payable by the other non-major governmental fund to the general fund are to cover temporary cash shortages related to the timing of receipts.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**3 CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$349,783	\$ -	\$ 349,783
Total capital assets not being depreciated	<u>-</u>	<u>349,783</u>	<u>-</u>	<u>349,783</u>
Other capital assets:				
Buildings and leasehold improvements	689,476	2,994	-	692,470
Furniture, fixtures and equipment	<u>247,476</u>	<u>44,067</u>	<u>-</u>	<u>291,543</u>
Total other capital assets	<u>936,952</u>	<u>47,061</u>	<u>-</u>	<u>984,013</u>
Less accumulated depreciation for:				
Buildings and leasehold improvements	(455,267)	(27,005)	-	(482,272)
Furniture, fixtures and equipment	<u>(144,237)</u>	<u>(32,356)</u>	<u>-</u>	<u>(176,593)</u>
Total accumulated depreciation	<u>(599,504)</u>	<u>(59,361)</u>	<u>-</u>	<u>(658,865)</u>
Other capital assets, net	<u>337,448</u>	<u>(12,300)</u>	<u>-</u>	<u>325,148</u>
Governmental activities capital assets, net	<u>\$337,448</u>	<u>\$337,483</u>	<u>\$ -</u>	<u>\$ 674,931</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 40,143
School administration	<u>19,218</u>
Total governmental activities depreciation expense	<u>\$ 59,361</u>

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease	\$ 40,632	\$ -	\$ (8,273)	\$ 32,359	\$ 9,139
Note payable	17,561	-	(17,561)	-	-
Governmental activities, long-term liabilities	<u>\$ 58,193</u>	<u>\$ -</u>	<u>\$(25,834)</u>	<u>\$ 32,359</u>	<u>\$ 9,139</u>

**Capital lease**

The School leases certain equipment under an agreement that is classified as a capital lease. The cost of equipment under capital lease is included in the statement of net position as capital assets and was \$48,204 as of June 30, 2016. Accumulated amortization of the leased equipment as of June 30, 2016, was \$19,129. Amortization of assets under the capital lease is included in depreciation expense.

The future minimum lease payments required under the capital lease and the present value of the net minimum lease payments as of June 30, 2016, are as follows:

<u>Year ending June 30,</u>	<u>Amounts</u>
2017	\$ 11,964
2018	11,964
2019	11,964
2020	1,995
Total minimum lease payments	37,887
Less amount representing interest	<u>(5,528)</u>
Present value of minimum lease payments	32,359
Less amount due in one year	<u>(9,139)</u>
Amount due after one year	<u>\$ 23,220</u>

The amount representing interest was calculated using imputed rate of 10%.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Assets recorded under capital leases and included in capital assets in the School's statement of net position consist of the following as of June 30, 2016:

	<b>Governmental Activities</b>
Buildings and leasehold improvements	\$ 48,204
Less accumulated depreciation	(19,129)
	\$ 29,075

**Note payable**

During 2013, the School entered into a note payable agreement with a bank for \$85,000 which matured in January 2016. The interest was payable at 5.5% annually and was calculated monthly. Monthly installments of principal and interest were due beginning February 16, 2013. The loan was repaid in the current year.

**5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Pinellas County, Florida:	
Florida Education Finance Program	\$ 1,091,041
Class size reduction	311,181
Discretionary local effort	118,714
Capital outlay	59,842
ESE guaranteed allocation	59,822
Supplemental academic instruction	49,797
School recognition funds	23,941
Instructional materials	17,902
Safe schools	7,479
Digital classrooms allocation	4,293
Teacher lead	4,165
Declining enrollment	617
Total	\$ 1,748,794

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The administrative fee paid to the School Board during the year ended June 30, 2016 totaled approximately \$83,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds.

**6 RISK MANAGEMENT PROGRAM**

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

**7 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal 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 collectibility of any related receivable as of June 30, 2016 may be impaired. In the opinion of the School, there are no significant contingent 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.

**Legal matters**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**Operating lease commitments**

The School leases its facility under a non-cancelable operating lease. The lease expires in December 31, 2025 and includes renewal options for two additional terms of five years each and requires the School to pay insurance and other costs.

The School had a land lease agreement that commenced in April 2011 which terminated in March 31, 2016 that required monthly payments of \$2,500.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Aggregate remaining minimum rental commitments as of June 30, 2016 under these leases are summarized as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2017	\$ 252,374
2018	289,459
2019	295,893
2020	295,865
2021	295,866
Thereafter	1,392,153
Total	\$ 2,821,611

Lease expense totaled approximately \$308,000 for the year ended June 30, 2016, of which approximately \$7,000 is included in school administration and approximately \$301,000 is included in operation and maintenance of plant in the accompanying financial statements, except that lease expense included in operation and maintenance of plant in the accompanying statement of revenues, expenditures and changes in fund balances – governmental funds has been reduced by approximately \$53,000 to exclude the amortization of deferred rent.

**Long-term debt**

In June 2016, the school entered into a non-revolving line of credit for \$434,000 with a bank which requires monthly payments of \$4,565 including interest at 4.75%, with a maturity date of June 2026. There were no outstanding borrowings as of June 30, 2016.

**Employee benefit plan**

The School sponsors the Academie Da Vinci Charter School, Inc. 403(b) Plan (the “Plan”), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. Substantially all employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes a 3% matching contribution for all eligible employees that contribute a minimum of \$25 per month to the Plan as authorized by the Board of Directors. The School’s contributions during the year ended June 30, 2016 totaled approximately \$17,000, of which approximately \$13,000 is included in instruction and approximately \$4,000 is included in school administration in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**8 RENTALS UNDER OPERATING LEASE**

The School owns several modular buildings, which the School leased to a third-party. The lease charged rent of \$5,000 per month and expired in March 2016.

The following is an analysis of the assets being leased:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
Buildings and leasehold improvements	156,026	156,026
Less accumulated depreciation	(156,026)	(156,026)
	\$ -	\$ -

In July 2016, the School entered into an agreement to lease the modular buildings to a third-party. The School will receive monthly lease payments of \$2,000 starting in August 2016 and ending in May 2017. At the end of the lease term, the lessee has the option to purchase the buildings for \$100.

**9 PRIOR PERIOD RESTATEMENT**

During the year ended June 30, 2016, the School discovered that an error had been made regarding the classification of a lease agreement, which resulted in an understatement of the assets under a capital lease and the corresponding capital lease liability.

During the year ended June 30, 2016, the School revised the accounting and reporting for its internal funds to remove them from the General Fund and include them in an Agency Fund. This accounting more appropriately reflects the custodial nature of the School's internal funds.

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The table below summarizes the effect of the restatement of previously reported financial statements for the year ended June 30, 2015:

	<b>June 30, 2015</b>		
	<b>As Previously Reported</b>	<b>Prior Period Adjustment</b>	<b>As Restated</b>
Statement of position:			
Cash and cash equivalents	\$ 418,285	\$ (6,649)	\$ 411,636
Furniture, fixtures, and equipment	199,272	48,204	247,476
Accumulated depreciation	(589,557)	(9,947)	(599,504)
Long-term liabilities:			
Portion due within one year	17,561	8,273	25,834
Portion due after one year	-	32,359	32,359
Net position	717,043	(9,024)	708,019
Balance sheet - governmental funds:			
Cash and cash equivalents	418,285	(6,649)	411,636
Fund balance	435,413	(6,649)	428,764
Statement of fiduciary assets and liabilities:			
Cash and cash equivalents	-	6,649	6,649
Due to others	-	6,649	6,649

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State and local sources	\$ 1,598,215	\$ 1,688,952	\$ 1,688,952	\$ -
Contributions and other revenue	114,000	147,880	147,880	-
Total revenues	<u>1,712,215</u>	<u>1,836,832</u>	<u>1,836,832</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,002,365	1,051,600	1,011,449	40,151
Instructional staff training	9,500	5,052	5,052	-
Instruction-related technology	18,000	41,232	41,232	-
Board	28,000	33,533	33,533	-
General administration	-	83,465	83,465	-
School administration	229,766	244,176	222,180	21,996
Fiscal	15,500	15,244	15,244	-
Food	7,000	13,961	13,961	-
Operation and maintenance of plant	337,726	307,280	307,280	-
Community services	34,379	30,891	28,290	2,601
Debt service:				
Principal	17,560	17,560	25,834	(8,274)
Interest	330	364	4,054	(3,690)
Other capital outlay	-	-	396,844	(396,844)
Total expenditures	<u>1,700,126</u>	<u>1,844,358</u>	<u>2,188,418</u>	<u>(344,060)</u>
Net change in fund balance	12,089	(7,526)	(351,586)	(344,060)
Fund balance at beginning of year, as restated	<u>428,764</u>	<u>428,764</u>	<u>428,764</u>	<u>-</u>
Fund balance at end of year	<u>\$ 440,853</u>	<u>\$ 421,238</u>	<u>\$ 77,178</u>	<u>\$ (344,060)</u>

See independent auditor's report.

**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 Academie Da Vinci Charter School, Inc., a Charter School  
and Component Unit of the District School Board of Pinellas County, 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, the major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. (the “School”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 21, 2016.

**Internal Control Over Financial Reporting**

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

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

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



Finding 2016-001: Capital asset maintenance

All of the School's capital asset records should be maintained in accordance with generally accepted accounting principles ("GAAP"). We identified several instances where capital assets records were not in accordance with GAAP, which required adjustments to assets, liabilities, net position/fund balance and expenses/expenditures. After we identified these errors, management recorded all necessary adjustments to correct the School's records. We recommend that management perform a capital asset inventory at least annually, evaluate lease classification as leases are executed and regularly review capital asset records for consistent application of the School's capitalization and depreciation policies.

**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*.

**The School's Response to Findings**

The School's response to the findings identified in our audit is described in the written statement of explanation or rebuttal on page 36. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Winter Park, Florida  
September 21, 2016

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850**

To the Board of Directors of Academie Da Vinci Charter School, Inc., a Charter School and Component Unit of the District School Board of Pinellas County, Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Academie Da Vinci Charter School, Inc. (the "School"), a charter school and component unit of the District School Board of Pinellas County, Florida, as of and for the year ended June 30, 2016, and have issued our report thereon dated September 21, 2016.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

### **Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 21, 2016, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the school. The name of the School is Academie Da Vinci Charter School, Inc.

### **Financial Condition**

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



Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to 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.

### **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. Our recommendation to improve financial management is included in finding 2016-001.

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

### **Purpose of This Letter**

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



Winter Park, Florida  
September 21, 2016

**ACADEMIE DA VINCI CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**WRITTEN STATEMENT OF EXPLANATION OR REBUTTAL**

Response to Finding 2016-001: Capital asset maintenance

School management has made the necessary adjustments to correct its accounting records and will conduct an annual fixed asset inventory of its capital asset listing. Any future lease agreements will be evaluated and classified as either operating or capital along with the correct accounting treatment of the lease.