

Caring & Sharing Learning School

Audit Report

June 30, 2015



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June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Caring & Sharing Learning School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caring & Sharing Learning School (the "School"), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2015, 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, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, the School restated the beginning net position of the governmental activities to implement the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of employer contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015, 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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
October 29, 2015

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2015:

- The School's overall net position increased by \$6,228.
- Total ending unrestricted net position was (\$440,380).
- The School had total expenses for the year of \$1,134,624, compared to revenues of \$1,140,852.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

Management's Discussion and Analysis

- Governmental funds – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains three individual governmental funds. The General Fund is considered to be a major fund and, accordingly, is separately displayed. Data from the Special Revenue Fund and Capital Projects Fund is combined and displayed as Other Governmental Funds.

CONDENSED FINANCIAL INFORMATION

The table on the following page presents condensed, comparative data about net position and changes in net position.

Caring & Sharing Learning School

Management's Discussion and Analysis

CONDENSED FINANCIAL INFORMATION

Net position	2015 Governmental Activities	2014 Governmental Activities
Assets		
Non-capital assets	\$ 103,900	\$ 51,637
Capital assets	480,417	509,975
Total assets	584,317	561,612
Deferred outflows of resources	85,928	-
Total assets and deferred outflows of resources	670,245	561,612
Liabilities		
Current liabilities	170,521	149,990
Noncurrent liabilities	338,226	1,500
Total liabilities	508,747	151,490
Deferred inflows of resources	198,674	-
Total liabilities and deferred inflows of resources	707,421	151,490
Net position		
Net investment in capital assets	403,204	433,166
Unrestricted	(440,380)	(23,044)
Total net position	\$ (37,176)	\$ 410,122
Change in net position		
Program revenues		
Charges for services	\$ 96,680	\$ 99,972
Capital grants & contributions	49,088	-
General revenues		
Title I grant	100,017	88,227
Florida Education Finance Program	844,547	778,282
Unrestricted grants and contributions	50,520	36,695
Forgiveness of debt	-	33,500
Total revenues	1,140,852	1,036,676
Program expenses		
Instruction	767,159	752,722
Instructional support services	3,936	3,756
General support	352,080	291,485
Community services	4,700	5,859
Interest on long-term debt	6,749	6,493
Total expenses	1,134,624	1,060,315
Change in net position	6,228	(23,639)
Beginning net position	-	433,751
Beginning net position, as restated	(43,404)	-
Ending net position	\$ (37,176)	\$ 410,112

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$145,768 in program revenues and \$995,084 of general revenues, and incurred \$1,134,624 of program expenses. This resulted in a \$6,228 increase in net position.

The implementation of GASB Statement No. 68 (see "Debt Administration" below) resulted in a \$469,061 reduction in the School's beginning net position. At June 30, 2015, the School's unrestricted net position was a deficit of \$440,380 and the School's total net position was a deficit of \$37,176.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance decreased by \$7,686 from \$27,478 to \$19,792.

BUDGETARY HIGHLIGHTS

The school previously adopted the practice of amending its budget so that final budgeted amounts agree with actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School performed building renovations during the year that were capitalized. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration

During the year, the School implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, resulting in the recognition of a net pension liability of \$330,326 at June 30, 2015. Please refer to a note to the accompanying financial statements entitled *Long-term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

We are not aware of any economic conditions that are expected to have a significant effect on the School's financial position or results of operations.

Management's Discussion and Analysis

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Curtis Peterson, Principal, Gainesville, Florida.

Basic Financial Statements

Caring & Sharing Learning School

Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 76,906
Receivables	20,306
Prepays	6,688
Capital assets:	
Nondepreciable	27,700
Depreciable, net	452,717
Total assets	584,317
Deferred outflows of resources	
Pension related	85,928
Total assets and deferred outflows of resources	670,245
Liabilities	
Accounts payable	84,108
Long-term liabilities:	
Due within one year	86,413
Due in more than one year	338,226
Total liabilities	508,747
Deferred inflows of resources	
Pension related	198,674
Total liabilities and deferred inflows of resources	707,421
Net position	
Net investment in capital assets	403,204
Unrestricted	(440,380)
Total net position	\$ (37,176)

See accompanying notes to financial statements

Caring & Sharing Learning School

Statement of Activities
Year ended June 30, 2015

	Expenses	Program Revenues			Net (expense) revenue and change in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Functions/programs					
Instruction	\$ 767,159	\$ -	\$ -	\$ -	\$ (767,159)
Instructional support services	3,936	-	-	-	(3,936)
General support	352,080	96,680	-	49,088	(206,312)
Community services	4,700	-	-	-	(4,700)
Interest on long-term debt	6,749	-	-	-	(6,749)
Total	\$ 1,134,624	\$ 96,680	\$ -	\$ 49,088	(988,856)

General revenues

Title I grant	100,017
Florida Education Finance Program	844,547
Unrestricted grants and contributions	50,520
Total general revenues	995,084
Change in net position	6,228
Net position - beginning of year, as restated	(43,404)
Net position - end of year	\$ (37,176)

See accompanying notes to financial statements

Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 76,906	\$ -	\$ 76,906
Receivables	20,306	-	20,306
Prepays	6,688	-	6,688
Total assets	\$ 103,900	\$ -	\$ 103,900
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 84,108	\$ -	\$ 84,108
Fund balances:			
Nonspendable - prepaids	6,688	-	6,688
Unassigned	13,104	-	13,104
Total fund balances	19,792	-	19,792
Total liabilities and fund balances	\$ 103,900	\$ -	\$ 103,900

See accompanying notes to financial statements

**Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2015**

Fund balances – total governmental funds	\$ 19,792
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets – net of accumulated depreciation	480,417
Deferred outflows and inflows associated with pensions are not reported in the governmental funds.	
Deferred outflows	85,928
Deferred inflows	(198,674)
Long-term liabilities are not reported in the governmental funds.	
Net pension liability	(330,326)
Compensated absences	(17,100)
Bank loan	(50,000)
Revolving line-of-credit	(27,213)
Net position of governmental activities	\$ (37,176)

See accompanying notes to financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Title I grant	\$ -	\$ 100,017	\$ 100,017
Florida Education Finance Program	844,547	-	844,547
Public Education Capital Outlay	-	49,088	49,088
Other state revenue	3,875	10,255	14,130
Other local revenue	131,970	1,100	133,070
Total revenues	980,392	160,460	1,140,852
Expenditures			
Current:			
Instruction	678,159	107,871	786,030
Instructional support services	1,535	2,401	3,936
General support	318,431	-	318,431
Community services	4,700	-	4,700
Capital outlay	-	36,000	36,000
Debt service:			
Principal retirement	1,728	14,188	15,916
Interest and fiscal charges	6,749	-	6,749
Total expenditures	1,011,302	160,460	1,171,762
Excess of revenues over (under) expenditures	(30,910)	-	(30,910)
Other financing sources			
Borrowings on line-of-credit	23,224	-	23,224
Net change in fund balances	(7,686)	-	(7,686)
Fund balances - beginning of year	27,478	-	27,478
Fund balances - end of year	\$ 19,792	\$ -	\$ 19,792

See accompanying notes to financial statements

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2015**

Net change in fund balances – total governmental funds		\$ (7,686)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Acquisitions of capital assets		22,924
Current year depreciation expense		(26,591)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not affect net position of governmental activities.		
Principal payments		15,916
The accounting for pension costs differs between governmental funds and governmental activities.		
Change in net pension liability		186,760
Change in deferred outflows related to pensions		37,903
Change in deferred inflows related to pensions		(198,674)
The issuance of long-term debt provides current financial resources for governmental funds, but does not affect net position of governmental activities.		
Borrowings on line-of-credit		(23,224)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		(1,100)
Change in net position of governmental activities		\$ 6,228

See accompanying notes to financial statements

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caring & Sharing Learning School conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Caring & Sharing Learning School, Inc. is a not-for-profit corporation organized in 1998 pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as the Caring & Sharing Learning School (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors.

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 Alachua County District School Board (the “District”). The current charter is effective until June 30, 2021, and may be renewed every ten years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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 Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the 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.

Reporting Model

The School follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following governmental funds are used by the School:

General Fund – The General Fund is the general operating fund of the School. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund – The Special Revenue Fund is primarily used to account for and report financial resources restricted to operating uses.

Capital Projects Fund – The Capital Projects Fund is primarily used to account for and report financial resources restricted to capital uses.

In the accompanying fund financial statements, the General Fund is considered to be a major fund and, therefore, is separately displayed. Since the Special Revenue Fund and Capital Projects Fund are not major funds, data from these funds is combined and displayed as Other Governmental Funds.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The School’s revenue sources are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. At times, certain other revenue items may be considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$500 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Land and improvements is not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	30
Improvements Other Than Buildings	15
Furniture, Fixtures, Equipment and Vehicles	5

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The School pays employees for 50% of unused sick and vacation time upon separation. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

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 Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School also receives other financial assistance. This assistance is generally received based on applications submitted to and approved by the granting agency.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definitions of the classifications previously described.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance

The School follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the School's highest level of decision-making authority, which is a resolution of the Board of Directors. Committed amounts cannot be used for any other purpose unless the School removes those constraints by taking the same type of action.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the School’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The School’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Caring & Sharing Learning School

Notes to Financial Statements

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land and improvements	\$ 27,700	\$ -	\$ -	\$ 27,700
Capital assets being depreciated:				
Buildings	656,985	22,924	-	679,909
Improvements other than buildings	46,532	-	-	46,532
Furniture, fixtures and equipment	28,596	-	-	28,596
Vehicles	22,681	-	-	22,681
Total capital assets being depreciated	754,794	22,924	-	777,718
Total capital assets	782,494	22,924	-	805,418
Accumulated depreciation:				
Buildings	213,536	22,929	-	236,465
Improvements other than buildings	34,772	3,102	-	37,874
Furniture, fixtures and equipment	27,422	560	-	27,982
Vehicles	22,680	-	-	22,680
Total accumulated depreciation	298,410	26,591	-	325,001
Net capital assets	\$ 484,084	\$ (3,667)	\$ -	\$ 480,417

Depreciation of \$26,031 was charged to General Support and \$560 to Instruction.

NOTE 3 – LONG-TERM LIABILITIES

At June 30, 2015, the School's long-term liabilities consisted of the following:

\$50,000 capital-related unsecured loan payable to bank with 7.6% financing. The School is currently making monthly, interest-only payments on this loan. The loan is due on demand and is classified as a current liability in the Statement of Net Position.

Notes to Financial Statements

NOTE 3 – LONG-TERM LIABILITIES (CONTINUED)

\$30,000 capital-related unsecured revolving line-of-credit payable to bank with 10% interest. This revolving credit agreement is classified as a current liability in the Statement of Net Position.

A summary of changes in long-term liabilities follows:

	Balance July 1, 2014 (as restated)	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Net pension liability	\$ 517,086	\$ 8,240	\$ 195,000	\$ 330,326	\$ -
Compensated absences	16,000	15,700	14,600	17,100	9,200
Bank loan	50,000	-	-	50,000	50,000
Revolving line-of-credit	19,905	23,224	15,916	27,213	27,213
Total	\$ 602,991	\$ 47,164	\$ 225,516	\$ 424,639	\$ 86,413

NOTE 4 – PENSION PLANS

Defined Benefit Plans

The School participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (850) 488-6491.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The School is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The School’s contribution rates as of June 30, 2015, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Employees	6.11%	1.26%
DROP Employees	11.02%	1.26%

The School’s contributions for the year ended June 30, 2015, were \$42,759 to the FRS and \$9,275 to the HIS.

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

At June 30, 2015, the School reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2014. The School’s proportions of the net pension liabilities were based on the School’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability at June 30, 2015	\$ 111,436	\$ 218,890
Proportion at:		
June 30, 2014	0.001826376%	0.002341009%
June 30, 2013	0.001780107%	0.002419507%
Pension expense (benefit), year ended		
June 30, 2015	\$ (30,965)	\$ 4,976

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,896	\$ -	\$ -
Changes of assumptions	19,299	-	7,789	-
Net difference between projected and actual earnings on pension plan investments	-	185,893	105	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,701	-	-	5,885
Employer contributions subsequent to the measurement date	42,759	-	9,275	-
Total	\$ 68,759	\$ 192,789	\$ 17,169	\$ 5,885

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year ending June 30,	<u>FRS Expense</u>	<u>HIS Expense</u>
2016	\$ (42,869)	\$ 333
2017	(42,869)	333
2018	(42,869)	333
2019	(42,870)	334
2020	3,604	307
Thereafter	1,084	369
Total	\$ (166,789)	\$ 2,009

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2014, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.60%	2.60%
Payroll growth	3.25%	3.25%
Investment rate of return	7.65%	N/A

Mortality assumptions for both plans were based on the Generational RP-2000 with Projections Scale BB tables.

Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

NOTE 4 – PENSION PLANS (CONTINUED)

The following changes in actuarial assumptions occurred in 2014:

FRS: As of June 30, 2014, the inflation rate assumption decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected investment rate of return decreased from 7.75% to 7.65%.

HIS: The municipal rate used to determine the total pension liability decreased from 4.63% to 4.29%.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2014 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both the FRS actuary’s capital market assumptions team and by a capital market assumptions team from consultants to the State Board of Administration. The table below summarizes the key assumptions used to develop the long-term expected investment rate of return. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	3.11%	3.10%
Intermediate-term bonds	18.00%	4.18%	4.05%
High yield bonds	3.00%	6.79%	6.25%
Broad US equities	26.50%	8.51%	6.95%
Developed foreign equities	21.20%	8.66%	6.85%
Emerging market equities	5.30%	11.58%	7.60%
Private equity	6.00%	11.80%	8.11%
Hedge funds / absolute return	7.00%	5.81%	5.35%
Real estate (property)	12.00%	7.11%	6.35%
	100.00%		

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for FRS was 7.65%. FRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 4.29% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the School’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
Employer’s proportionate share of the net pension liability	\$ 476,626	\$ 111,436	\$ (192,333)	\$ 248,970	\$ 218,890	\$ 193,782

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports.

Payables to the Pension Plans

As of June 30, 2015, the School had an outstanding payable to the plans of \$6,112 for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

Notes to Financial Statements

NOTE 4 – PENSION PLANS (CONTINUED)

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended June 30, 2015, totaled \$8,545.

NOTE 5 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage.

NOTE 6 – RELATED PARTY TRANSACTIONS

The School rents 3.9 acres of land from a relative of the principal. The terms of the contract called for payments of \$3,000 per month beginning on July 1, 2014, and terminating June 30, 2015. The School’s payments for the year ended June 30, 2015, were \$36,000.

During the year ended June 30, 2015, the School paid approximately \$7,000 for building renovations to a relative of one of the School’s board members.

NOTE 7 – CHANGE IN ACCOUNTING PRINCIPLE

The School restated the beginning net position of the governmental activities to implement the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net position - beginning of year, as previously reported	\$ 425,657
Restatement:	
Net pension liability	(517,086)
Deferred outflow for contributions made subsequent to the measurement date	48,025
<u>Net position - beginning of year, as restated</u>	<u>\$ (43,404)</u>

**Required Supplementary
Information**

Caring & Sharing Learning School

Budgetary Comparison Schedule
General Fund
Year ended June 30, 2015

	Budgeted amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Florida Education Finance Program	\$ 836,318	\$ 844,547	\$ 844,547	\$ -
Other state revenue	2,826	3,875	3,875	-
Other local revenue	102,000	131,970	131,970	-
Total revenues	941,144	980,392	980,392	-
Expenditures				
Current:				
Instruction	626,215	678,159	678,159	-
Instructional support services	161	1,535	1,535	-
General support	272,607	318,431	318,431	-
Community services	6,000	4,700	4,700	-
Debt service:				
Principal retirement	3,234	1,728	1,728	-
Interest and fiscal charges	6,500	6,749	6,749	-
Total expenditures	914,717	1,011,302	1,011,302	-
Excess of revenues over (under) expenditures	26,427	(30,910)	(30,910)	-
Other financing sources				
Borrowings on line-of-credit	-	23,224	23,224	-
Net change in fund balances	26,427	(7,686)	(7,686)	-
Fund balances - beginning of year	-	27,478	27,478	-
Fund balances - end of year	\$ 26,427	\$ 19,792	\$ 19,792	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. A final budget amendment is made so that final budgeted amounts agree with actual amounts. The fund is the legal level of control.

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years*

Florida Retirement System	2015
Employer's proportion of the net pension liability (asset)	0.001826376%
Employer's proportionate share of the net pension liability (asset)	\$ 111,436
Employer's covered-employee payroll	\$ 700,873
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.90%
Plan fiduciary net position as a percentage of the total pension liability	96.09%
Health Insurance Subsidy Program	2015
Employer's proportion of the net pension liability (asset)	0.002341009%
Employer's proportionate share of the net pension liability (asset)	\$ 218,890
Employer's covered-employee payroll	\$ 700,873
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.23%
Plan fiduciary net position as a percentage of the total pension liability	0.99%

Notes to schedules:

*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the prior fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Caring & Sharing Learning School

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2015
Statutorily required contribution	\$ 42,759
Contributions in relation to the statutorily required contribution	42,759
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll	\$ 748,979
Contributions as a percentage of covered-employee payroll	5.71%

Health Insurance Subsidy Program	2015
Statutorily required contribution	\$ 9,275
Contributions in relation to the statutorily required contribution	9,275
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll	\$ 748,979
Contributions as a percentage of covered-employee payroll	1.24%

Notes to schedules:

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

Caring & Sharing Learning School

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets	\$ -	\$ -	\$ -
Liabilities	\$ -	\$ -	\$ -
Fund balances	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -

Caring & Sharing Learning School

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2015

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Title I grant	\$ 100,017	\$ -	\$ 100,017
Public Education Capital Outlay	-	49,088	49,088
Other state revenue	10,255	-	10,255
Other local revenue	-	1,100	1,100
Total revenues	110,272	50,188	160,460
Expenditures			
Current:			
Instruction	107,871	-	107,871
Instructional support services	2,401	-	2,401
Capital outlay	-	36,000	36,000
Debt service:			
Principal retirement	-	14,188	14,188
Total expenditures	110,272	50,188	160,460
Excess of revenues over (under) expenditures	-	-	-
Fund balances - beginning of year	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -

**Additional Elements Required by
the Rules of the Auditor General**

MANAGEMENT LETTER

To the Board of Directors
Caring & Sharing Learning School

We have audited the financial statements of the Caring & Sharing Learning School (the "School"), as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated October 29, 2015.

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. Additionally, our audit was conducted in accordance with the 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 that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The School has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the School has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.855(12). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.854.

Transparency

Section 10.855(13), Rules of the Auditor General, requires that we apply appropriate procedures to determine whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.850, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
October 29, 2015

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
Caring & Sharing Learning School

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, each major fund, and the aggregate remaining fund information of the Caring & Sharing Learning School (the “School”), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October 29, 2015. Our report on the financial statements emphasized that the School implemented new pension-related standards during 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

Gainesville, Florida
October 29, 2015