

BIG PINE ELEMENTARY ACADEMY, INC.

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
MONROE COUNTY DISTRICT SCHOOL BOARD**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS

BIG PINE ACADEMY

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November 19, 2013

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BUDGET DIRECTOR

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BOARD OF EDUCATION

Drew Haggard
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Arthur Szeglin
Gene Thompson

HONORARY MEMBERS

Tom Forsythe
Hazel Hartman
Duncan Mathewson
Jerry Parrish
Peter Rosasco
Andy Tobin
Ray Slavin

Management Discussion and Analysis of Audit Year 2012-2013

The management of the Big Pine Academy (BPA), a component of the Monroe County District School Board, has prepared the following discussion and analysis to (a) assist the reader in interpreting the significant financial and educational issues that occurred throughout the previous year, (b) provide an overview and analysis of the Big Pine Academy's financial activities, and (c) identify changes in the school's financial position with regard to increasing instructional costs. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight certain activities, provide additional detail to specific events and conditions, all to be considered in conjunction with the Big Pine Elementary Academy's, financial statements, which will be attached to this discussion document.

In 2012-2013, BPEA realized a total generated program revenue of \$1,626,962. Said revenue was generated through FTE, VPK State Funds, Miscellaneous Revenues (including tuition and student fees), gifts, grants, donations, fund drive proceeds and bequests. Total expenses totaled \$1,565,637, providing for a positive ending balance of \$61,325.

A slight decrease in the number of preschool children mandated the pull back of VPK from two to one classroom. This teacher then was free in the afternoons to teach specials to our Kindergarten and First Grade classes, providing quality and age appropriate activities for those students. In August of 2012 we recognized that there was sufficient need to expand to two kindergarten classrooms and moved in that direction the week before school began, necessitating the need for an additional staff member. As we look to the future, we expect that this will create a need for two Kindergarten classrooms for the following school year, ensuring additional FTE dollars for each student.

The 2012 - 2013 school year was an exciting year for the students at BPA. We were able to continue our growth at all levels, thus ensuring our second year of Middle School.

We were also able to continue the development and expansion of our “Specials” programming to provide a more structured and in-depth curriculum for all of the students. The subjects of Math, Music, Visual Art, and PE were provided for all students throughout each nine week grading period.

- a. Math was offered one day a week for the entire year. The instructor was a certified elementary teacher, providing advanced lesson planning and an enriching and focused understanding of the subject matter. This same instructor acted as a Math tutor for struggling students one day a week, as well as a quality Physical Education and Health program for all students in grades 2 - 7 one day per week.
- b. Music was offered two days a week for the second nine week grading period, allowing students to fine tune the skills needed for two public performances - a Veteran’s Day assembly and a Winter Holiday Program. Additionally the music program lent it’s support for our second annual Talent Show in the spring, attended by well over 150 parents and enthusiasts. .
- c. Physical Education and Health continued one day per week, taught by a certified PE/Health teacher. A fully certified teacher provided students with assurances that both local and state benchmarks were met and exceeded.
- d. The Gifted program continued to provide more in class collaboration throughout the year, rather than just one day per week. Once again, these services were provided by a fully certified gifted instructor.
- e. After school programs consisted of the development of a quality aftercare program, The Eagles Nest, for parents unable to pick up their children at the end of the school day. Students were also able to engage in programs such as Chess Club, Instrumental Music, a Choral Group, peer tutoring and arts and crafts activities through the Eagles Nest program.
- f. An ongoing partnership with Winn Dixie provides support for our Pizza with the Principal program; this incentive is provided four times a year for one student from each grade. A limo takes the students and Mrs. Hoffman to Winn Dixie, where manager Rick O’Brien provides a pizza lunch and fun desserts for the students. Additionally, Winn Dixie provided support for the expansion of our garden program at the middle school level.

Our campus continues to grow as we continually look to provide a high quality educational experience to each and every student.

This financial report is designed to provide a general overview of the School’s finances and to demonstrate the BPA’s accountability for the money it receives. Questions regarding this report or requests for additional financial information should be addressed to:

Cathy Hoffmann

BPA Executive Administrator

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Big Pine Elementary Academy, Inc.,
A Charter School and Component Unit of the
Monroe County District School Board

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Big Pine Elementary Academy, Inc., (the "School"), a component unit of the Monroe County District School Board, as of and for the year ended June 30, 2013, 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 an opinion 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 and the general fund of Big Pine Elementary Academy, Inc., as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

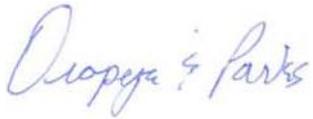
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1, 2 and 15, 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 November 19, 2013, 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.

Page Three
Board of Directors
Big Pine Elementary Academy, Inc.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Big Pine Elementary Academy, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Oropesa & Parks".

Key West, Florida
November 19, 2013

FINANCIAL STATEMENTS

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

Assets

Current assets

Cash and cash equivalents	\$	280,485
Accounts receivable		10,053
Prepaid expenses		<u>15,566</u>

Total current assets 306,104

Capital assets

Improvements		10,652
Furniture and equipment		83,072
Less accumulated depreciation		<u>(60,017)</u>

Total capital assets, net 33,707

Total assets \$ 339,811

Liabilities and Net Position

Current liabilities

Accounts payable	\$	37,303
Accrued wages		96,568
Compensated absences		<u>70,825</u>

Total current liabilities 204,696

Net position

Net investment in capital assets		33,707
Unassigned		<u>101,408</u>

Total net position 135,115

Total liabilities and net position \$ 339,811

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

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

General revenues	
Program revenues	\$1,356,288
Fundraising income	25,134
Rental income	2,850
In-kind donations	232,560
Interest income	440
Community support	9,690
	<hr/>
Total general revenues	1,626,962
	<hr/>
Program expenses	
Instruction	722,583
School administration	205,938
In kind rent	232,560
Pupil personnel services	192,213
Food service	18,827
Fundraising expense	17,895
Transportation	20,480
Operation and maintenance of facilities	144,441
Depreciation	10,700
	<hr/>
Total program expenses	1,565,637
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Increase in net position	61,325
Net position – beginning of year	73,790
	<hr/>
Net position – end of year	\$ 135,115
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The accompanying notes are an integral part of these financial statements.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**BALANCE SHEET
GENERAL FUND
JUNE 30, 2013**

Assets

Current assets:

Cash and cash equivalents	\$	280,485
Accounts receivable		10,053
Prepaid expenses		15,566

Total current assets	\$	306,104
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Liabilities and Fund Equity

Current liabilities

Accounts payable	\$	37,303
Accrued expenses		-
Accrued wages		96,568
Compensated absences		70,825

Total current liabilities		204,696
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Fund equity

Nonspendable		15,566
Unassigned		85,842

Total fund equity		101,408
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Total liabilities and fund equity	\$	306,104
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Amounts reported in the statement of net position differ from amounts reported above as follows:

Fund balance . total governmental funds	\$	101,408
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Capital assets used in governmental activities that are not financial resources and therefore are not reported above.		33,707
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Net position of governmental activities	\$	135,115
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The accompanying notes are an integral part of these financial statements.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

Revenues	
Program revenues	\$1,356,288
Fundraising income	25,134
Rental income	2,850
Interest income	440
Community support	<u>9,690</u>
Total revenues	<u>1,394,402</u>
Expenditures	
Instruction	722,583
School administration	205,938
Pupil personnel services	192,213
Food service	18,827
Fundraising expense	17,895
Transportation	20,480
Operation and maintenance of facilities	144,441
Capital outlay	<u>-</u>
Total expenditures	<u>1,322,377</u>
Excess of revenues over expenditures	72,025
Fund balance, beginning of year	<u>29,383</u>
Fund balance, end of year	<u><u>\$ 101,408</u></u>

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

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances . total governmental fund	\$	72,025
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized.

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Less: Depreciation expense		(10,700)
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When the use of a facility is donated, the fair market value of the rent is recorded as an in kind contribution and in kind expense on the statement of activities.

232,560

This amount is not recorded in the governmental funds.

(232,560)

Change in net position of governmental activities

\$ 61,325

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

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 1 – Organization and Operations

Reporting Entity . Big Pine Elementary Academy, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 228.056, Florida Statutes, to provide all students with a safe and nurturing school environment and enriching and challenging mastery learning curriculum containing the skills, content knowledge and character development for quality and equity student outcomes and to help all students become successful life-long learners and responsible, informed citizens of the 21st century. The governing body of the School is the not-for-profit corporation's Board of Directors, which is composed of not less than three members. The School's charter started March 12, 2007 and operations began August, 2007. The Board adopted a budget for the fiscal year ended June 30, 2013.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the Monroe County District Board (District). The current charter is effective until June 30, 2022.

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, Section 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.

Note 2 – Summary of Significant Accounting Policies

Big Pine Elementary Academy, Inc. (School) maintains its accounting records in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental and financial principles.

The more significant of the School's accounting policies are described below:

Estimates . The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting – The accounting and reporting treatment applied to a fund is determined by the timing of the measurements made, regardless of the measurement focus applied.

Big Pine Elementary Academy, Inc. financial information is presented using the modified accrual basis of accounting and the current economic resources measurement focus. Revenues are recognized when they become measurable and available. ~~%Measurable+~~ means the amount of the transaction can be determined and ~~%available+~~ means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related fund liability is incurred.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governments and creates new information and restructures much of the information that governmental entities have presented in the past.

Cash and Cash Equivalents – It is the School’s policy to maintain cash balances not to exceed the amount of insurance which is provided by various depository institutions. The School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose Big Pine Elementary Academy, Inc. to concentrations of credit and market risk consist primarily of cash equivalents, certificates of deposit, and uncollateralized receivables. Cash equivalents and certificates of deposits are maintained at high-quality financial institutions and credit exposure is not limited to any one institution. Big Pine Elementary Academy, Inc. has not experienced any losses on its cash equivalents. Accounts receivable are due from local and state agencies and students and are deemed fully collectable.

Receivables

Receivables are presented on the statement of net position net of an allowance for doubtful accounts based on Big Pine Elementary Academy, Inc.’s assessment of collectability. As of June 30, 2013, Big Pine Elementary Academy, Inc. considered all remaining receivables to be collectible within one year and no allowances have been recorded.

has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(vi). Big Pine Elementary Academy, Inc. has no excise or unrelated business income taxes in the twelve months ended June 30, 2013.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

Big Pine Elementary Academy, Inc. is a nonprofit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Big Pine Elementary Academy, Inc. has also been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(vi). Big Pine Elementary Academy, Inc. has no excise or unrelated business income taxes in the twelve months ended June 30, 2013.

The federal income tax returns for the tax years ended June 30, 2013, 2012 and 2011 are subject to examination by the taxing Authority.

Capital Assets and Depreciation – The School's property, plant and equipment with useful lives of three to ten years old are stated at historical cost. The School generally capitalizes all assets as purchases occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are expensed as incurred. Capital assets are depreciated using the declining-balance method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets purchased in the current year as well as future purchases are as follows:

Furniture, fixtures and equipment	3 . 10 years
Playground equipment	3 . 10 years
Motor vehicles	3 years
Improvements other than building	5 years
Building improvements	15 years

Revenue Sources – Revenues for current operations are received primarily from the Monroe County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent (FTE) students and related data to the District. 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 (FEFP). 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.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Position/Fund Balances – In fiscal year ended June 30, 2012, Big Pine Elementary Academy, Inc. implemented GASB 54, Fund Balance, Reporting and Governmental Fund Type Definitions, for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balances . Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance . Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance . Amounts that can only be used for specific purposes because of formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned Fund Balance . Amounts that are constrained by the Organization's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance . This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed, or assigned.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 3 - Schedule of Revenue Sources

The following is a schedule of revenue sources and amounts:

Sources

Monroe County District School Board:	
Florida Education Finance Program	<u>\$ 1,217,836</u>
Total Monroe County District School Board	1,217,836
VPK/3 year old revenue	96,735
Miscellaneous revenues	2,456
PTO fundraising	25,134
Gifts, grants, bequests	9,690
In kind rent contribution	232,560
After school program	35,088
Summer program	4,172
Rental Income	2,850
Interest Income	<u>441</u>
Total revenue sources	<u><u>\$ 1,626,962</u></u>

The administrative fee paid to the District during the year ended June 30, 2013 totaled \$24,357, which is reflected as a school administrative expenditure in the accompanying statement of activities.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 4 - Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Furniture, fixtures, equipment and improvements at historical cost	\$ 81,055	\$ -	\$ -	\$ 81,055
Donated at fair market value	12,669	-	-	12,669
Less accumulated depreciation for: Furniture, fixtures, equipment and improvements	(49,317)	(10,700)	-	(60,017)
Capital assets, net	<u>\$ 44,407</u>	<u>\$ (10,700)</u>	<u>\$ -</u>	<u>\$ 33,707</u>

Note 5 - Donated Services, Materials and Facilities

A substantial number of volunteers have donated time to Big Pine Elementary Academy, Inc. fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not meet the requirements for criteria for recognition under FASB ASC 958-605-50-1.

The School occupies a building, which is property of the District. The District provides this facility free of charge. This donated facility is included in the contributions and expenses in the statement of activities. The fair market value, determined by the school board and an independent local realtor, for the year ended June 30, 2013 totaled \$232,560.

Note 6 – Contingencies

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. 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.

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013**

Note 7 - Subsequent Events

In preparing the financial statements, the Big Pine Elementary Academy, Inc. has evaluated events and transactions for potential recognition or disclosure. Big Pine Elementary Academy, Inc. did not have any subsequent events or transactions requiring recording or disclosure in the financial statements through November 19, 2013, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues			
FEFP/FTE	\$ 1,184,582	1,217,836	\$ 33,254
VPK/3 year old revenue	102,000	96,735	(5,265)
Grants/Donations	31,100	34,824	3,724
Student lunches	500	-	(500)
After school program	58,000	35,088	(22,912)
Summer program	6,200	4,172	(2,028)
Miscellaneous revenue	13,051	2,897	(10,154)
Rental income	3,200	2,850	(350)
	<u>1,398,633</u>	<u>1,394,402</u>	<u>(4,231)</u>
Total revenues			
Expenditures			
Instruction:			
Salaries	670,622	615,737	54,885
Benefits	87,186	24,530	62,656
Payroll taxes	45,497	48,271	(2,774)
Workers Compensation Insurance		-	-
Miscellaneous	9,404	3,111	6,293
Other purchased services	1,500	1,388	112
Supplies	23,400	29,546	(6,146)
Capital outlays		-	-
Pupil personnel services			
Education services	37,500	61,559	(24,059)
Salaries	106,699	106,698	1
Benefits	10,616	11,163	(547)
Payroll taxes	10,907	12,503	(1,596)
Supplies & miscellaneous	1,050	290	760

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**BUDGETARY COMPARISON SCHEDULE (continued)
JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
School Administration:			
Salaries	121,798	121,798	-
Benefits	8,923	8,889	34
Payroll taxes	10,073	9,560	513
Fundraising expense		17,895	(17,895)
Insurance	6,500	1,614	4,886
Equipment rental	28,982	1,727	27,255
Interest		0	-
Bad Debt Uncollectible		7,995	(7,995)
Professional and technical services	88,509	49,902	38,607
Supplies & miscellaneous	64,456	4,453	60,003
Operation of plant:			
Salaries	10,400	24,479	(14,079)
Payroll taxes	8,108	7,506	602
Insurance	18,620	23,713	(5,093)
Leased portables		24,716	(24,716)
Other purchased services	15,326	1,059	14,267
Supplies & miscellaneous	7,200	19,487	(12,287)
Utilities	45,700	43,482	2,218
Food service:			
Salaries	13,985	8,835	5,150
Payroll taxes	1,262	1,356	(94)
Food preparation	500	7,390	(6,890)
Supplies	1,100	-	1,100
Miscellaneous	1,500	1,246	254

**BIG PINE ELEMENTARY ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE MONROE COUNTY DISTRICT SCHOOL BOARD**

**BUDGETARY COMPARISON SCHEDULE (continued)
JUNE 30, 2013**

	Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Pupil transportation:	18,000	20,480	(2,480)
Total expenditures	1,475,323	1,322,377	152,946
Excess of revenues over expenditures	(76,690)	72,025	148,715
Fund balance, beginning of year	(194,231)	29,383	223,614
Fund balance, end of year	\$ (270,921)	\$ 101,408	\$ 372,329
Reconciliation of excess expenditures over revenues to statement of activities:			
Excess of revenues over expenditures		\$ 72,025	
Capital outlay		-	
Depreciation		(10,700)	
Increase in net position		\$ 61,325	

**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**

**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
Big Pine Elementary Academy, Inc.,
A Charter School and Component Unit of the
Monroe County District School Board

We have audited, 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, the financial statements of the governmental activities and the general fund of Big Pine Elementary Academy, Inc., (the "School"), a component unit of the Monroe County District School Board, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Pine Elementary Academy, Inc.'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 Big Pine Elementary Academy, Inc.'s, internal control. Accordingly, we do not express an opinion on the effectiveness of Big Pine Elementary Academy, Inc.'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 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.

To the Board of Directors of
Big Pine Elementary Academy, Inc.
A Charter School and Component Unit of the
Monroe County District School Board
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Internal Control Over Financial Reporting (Continued)

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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in a separate letter dated November 19, 2013 identified as Findings 2013-1 and 2013-2 that we consider to be significant deficiencies.

Compliance and Other Matters

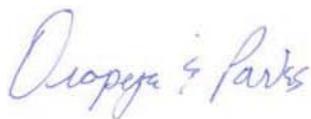
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Big Pine Elementary Academy, Inc.'s Response to Findings

Big Pine Elementary Academy, Inc.'s response to the findings identified in our audit is described in a separate letter dated November 19, 2013 identified as Finding 2013-1 and 2013-2. Big Pine Elementary Academy, Inc.'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 do not 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.



Key West, Florida
November 19, 2013

**MANAGEMENT LETTER
AS REQUIRED BY FLORIDA STATUTES AND
RULES OF THE AUDITOR GENERAL
JUNE 30, 2013**

To the Board of Directors of
Big Pine Elementary Academy, Inc.
A Charter School and Component Unit of the
Monroe County District School Board

We have audited the financial statements of the Big Pine Elementary Academy, Inc., as of and for the fiscal year ended June 30, 2013 and have issued our report thereon dated November 19, 2013.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, which are dated October 28, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter 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 Big Pine Elementary Academy, Inc., did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Directors of
Big Pine Elementary Academy, Inc.
A Charter School and Component Unit of the
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Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted two significant deficiencies as follows:

Current Year Finding and Recommendation

2013-1:

The confirmation of cash accounts noted holdings in an account that were in excess of the FDIC insured limit of \$250,000. The occurrence of holdings in excess of federally insured amounts presents a potential for losses in the event of bank failure. The Dodd-Frank Insurance Provision, which provided temporary unlimited insurance coverage for noninterest bearing accounts expired December 31, 2012.

We recommend management closely monitor cash balances and consider utilizing current banking arrangements to reduce the potential for loss of monetary amounts in excess of federally insured limits, including discussing with current banks used about the possibility of certain agreements which would extend the coverage to a specific bank account in excess of the FDIC limits.

2013-2:

It was noted during review of unrecorded liabilities that there were numerous exceptions in which invoices relating to goods received or services performed prior to the year-end date were not recorded as payables in the proper period.

We recommend management review policies and procedures to ensure that expenses are recorded in the proper period on the accrual basis in accordance with GAAP. We also recommend that bills are not deleted so an accurate accounts payable balance is reflected.

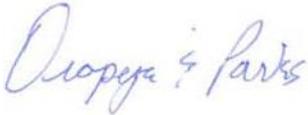
Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the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

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Big Pine Elementary Academy, Inc.

To the Board of Directors of
Big Pine Elementary Academy, Inc.
A Charter School and Component Unit of the
Monroe County District School Board
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Section 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Big Pine Elementary Academy, Inc.'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.

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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Key West, Florida
November 19, 2013