



**BELIEVERS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
DISTRICT SCHOOL BOARD OF  
PALM BEACH COUNTY, FLORIDA**

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

**JUNE 30, 2015**



## CONTENTS

	<u>Page</u>
<b>Management’s Discussion and Analysis</b>	1-7
<b>Independent Auditor’s Report on Basic Financial Statements and Supplementary Information</b>	8-9
<b>Basic Financial Statements:</b>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16-25
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule – General Fund	26
Budgetary Comparison Schedule – Special Revenue Fund	27
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	28-29
<b>Additional Information Required by Rules of the Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual Instruction Program Providers:</i></b>	
Management Letter	30-32

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Believers Academy, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- For the fiscal year ended June 30, 2015, the School's revenues exceeded expenses by \$75,336, which is an increase from the prior year when revenues exceeded expenses by \$81,433.
- Overall, revenues increased by approximately \$58,000, which was a 3% increase from the prior year.
- Overall, expenses increased by approximately \$64,000, which was a 4% increase from the prior year.
- Total assets were \$644,349, and total liabilities and deferred inflows of resources were \$125,400, resulting in a net position of \$518,949 as of June 30, 2015.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

This document also includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

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

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

## Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

The School has one type of fund:

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

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Position

The School's combined net position as of June 30, 2015 and 2014 is summarized as follows – see table below.

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2015</b>	<b>2014</b>	
Current and other assets	\$ 585,148	\$ 498,858	17%
Capital assets, net	59,201	80,365	-26%
Total assets	<u>644,349</u>	<u>579,223</u>	<u>11%</u>
Current and other liabilities	47,605	45,917	4%
Long-term liabilities	46,545	43,443	7%
Total liabilities	<u>94,150</u>	<u>89,360</u>	<u>5%</u>
Deferred inflows of resources	<u>31,250</u>	<u>46,250</u>	<u>-32%</u>
Net position:			
Net investment in capital assets	27,951	34,115	-18%
Unrestricted	<u>490,998</u>	<u>409,498</u>	<u>20%</u>
Total net position	<u>\$ 518,949</u>	<u>\$ 443,613</u>	<u>17%</u>

Current and other assets of the School increased due to the current year operating surplus. Capital assets, net and deferred inflows of resources decreased due to depreciation and amortization. The change in total net position was due to the current year operating surplus and the activity noted above.

## Change in Net Position

For the year ended June 30, 2015, the School's total revenues exceeded total expenses by \$75,336 – see table below.

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2015</b>	<b>2014</b>	
<b>Revenues:</b>			
Federal direct	\$ 24,220	\$ 20,969	16%
Federal sources passed through local school district	151,811	153,558	-1%
State and local sources	1,532,752	1,465,649	5%
Contributions and other revenue	13,555	24,048	-44%
<b>Total revenues</b>	<b>1,722,338</b>	<b>1,664,224</b>	<b>3%</b>
<b>Expenses:</b>			
Instruction	686,820	602,254	14%
Instructional support services	6,260	6,305	-1%
Instruction and curriculum development	168,094	190,802	-12%
Instructional staff training services	2,000	4,398	-55%
Instructional-related technology	22,733	40,737	-44%
Board	12,878	16,680	-23%
General administration	41,789	40,407	3%
School administration	377,665	375,742	1%
Fiscal services	42,893	41,206	4%
Student transportation services	41,374	35,031	18%
Operation and maintenance of plant	244,496	229,229	7%
<b>Total expenses</b>	<b>1,647,002</b>	<b>1,582,791</b>	<b>4%</b>
<b>Change in net position</b>	<b>\$ 75,336</b>	<b>\$ 81,433</b>	<b>-7%</b>

Revenues from state and local sources increased due to an increase in student enrollment. Instruction increased primarily due to additional teachers during fiscal year 2015 to serve the increased number of students. Instruction and curriculum development decreased due to the elimination of one position in the vocational area. Instructional-related technology decreased due to a change to a lower cost internet service provider.

Certain reclassifications were made in the 2014 amounts to conform to their classifications in fiscal year 2015.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of \$537,543. Both revenues and expenditures changed for the same reasons described above.

## General and Special Revenue Fund Budgetary Highlights

Over the course of the year, the School revised its budgets several times to account for the changes in student enrollment and resulting increases in appropriations.

For the year ended June 30, 2015, actual general fund revenues were approximately \$53,000 above the final budget, which represents a 4% budget variance. The variance was due to higher than expected enrollment. Actual general fund expenditures were approximately \$10,000 above the final budget, which represents a 1% budget variance.

For the year ended June 30, 2015, actual special fund revenues and expenditures were approximately \$24,000 more than budgeted, which represents a 16% budget variance due to the receipt of E-rate funds which were not included in the budget.

## CAPITAL ASSET ADMINISTRATION

At the end of fiscal 2015, the School had invested \$304,405 in a broad range of capital assets (see table below).

	Governmental Activities		Increase (Decrease)
	2015	2014	
Leasehold improvements	\$ 75,000	\$ 75,000	0%
Computer software	158,048	158,048	0%
Furniture, fixtures and equipment	45,298	48,348	-6%
Motor vehicles	26,059	26,059	0%
Total capital assets	<u>\$ 304,405</u>	<u>\$ 307,455</u>	<u>-1%</u>

There were no major capital asset additions or disposals during the current year.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicator was taken into account when adopting the general fund budget for fiscal year 2016:

- Projected decrease in the base student allocation of FEFP revenue

Amounts available for appropriation in the general fund are approximately \$1,422,000, a decrease of 4% from the final 2015 amount of \$1,486,222. This decrease is primarily due to the anticipated decrease in student enrollment and a restructuring of the School's program offerings based on the revised State standards for a standard diploma.

Budgeted general fund expenditures are expected to increase to approximately \$1,422,000, an increase of 1% from the final 2015 amount of \$1,401,620. This increase is primarily due to a reduction in vocational program staff and an increase in academic program staff needed to meet the requirements for a standard diploma. The School has revised its academic program offerings to meet State requirements and changes are reflected in the fiscal 2016 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to be unchanged by the close of fiscal 2016.

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

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 5840 Corporate Way, Suite 100, West Palm Beach, Florida 33407.

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

To the Board of Directors of Believers Academy, Inc., a Charter School  
and Component Unit of the District School Board of Palm Beach County, Florida

### **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 Believers Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Palm Beach County, Florida, 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 Believers Academy, Inc. as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 and the budgetary comparison information on pages 26 – 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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.

*BKHM, P.A.*

Winter Park, Florida  
September 28, 2015

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 549,086
Accounts receivable	7,086
Prepaid expenses	13,470
Deposits	15,506
Capital assets:	
Leasehold improvements	75,000
Computer software	158,048
Furniture, fixtures and equipment	45,298
Motor vehicles	26,059
Less accumulated depreciation	(245,204)
Total capital assets, net	59,201
Total assets	\$ 644,349
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 47,605
Long-term liabilities:	
Due within one year:	
Compensated absences payable	46,545
Total liabilities	94,150
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred tenant allowance	31,250
<b>NET POSITION</b>	
Net investment in capital assets	27,951
Unrestricted	490,998
Total net position	518,949
Total liabilities, deferred inflows of resources and net position	\$ 644,349

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

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR YEAR ENDED JUNE 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 686,820	\$ -	\$ 89,304	\$ -	\$ (597,516)	\$ (597,516)
Instructional support services	6,260	-	223	-	(6,037)	(6,037)
Instruction and curriculum development	168,094	-	60,784	-	(107,310)	(107,310)
Instructional staff training services	2,000	-	1,500	-	(500)	(500)
Instructional-related technology	22,733	-	22,733	-	-	-
Board	12,878	-	-	-	(12,878)	(12,878)
General administration	41,789	-	-	-	(41,789)	(41,789)
School administration	375,995	-	-	-	(375,995)	(375,995)
Fiscal services	42,893	-	-	-	(42,893)	(42,893)
Central services	1,670	-	-	-	(1,670)	(1,670)
Student transportation services	41,374	-	-	-	(41,374)	(41,374)
Operation and maintenance of plant	244,496	-	-	-	(244,496)	(244,496)
<b>Total primary government</b>	<b>\$ 1,647,002</b>	<b>\$ -</b>	<b>\$ 174,544</b>	<b>\$ -</b>	<b>(1,472,458)</b>	<b>(1,472,458)</b>
General revenues:						
Federal sources					1,487	1,487
State and local sources					1,532,752	1,532,752
Contributions and other revenue					13,555	13,555
Total general revenues					<u>1,547,794</u>	<u>1,547,794</u>
Change in net position					75,336	75,336
Net position at beginning of year					<u>443,613</u>	<u>443,613</u>
Net position at end of year					<u>\$ 518,949</u>	<u>\$ 518,949</u>

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

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2015**

	<b>General Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 549,086	\$ -	\$ 549,086
Accounts receivable	76	7,010	7,086
Prepaid expenditures	13,470	-	13,470
Deposits	15,506	-	15,506
Due from capital projects fund	7,010	-	7,010
	<u>\$ 585,148</u>	<u>\$ 7,010</u>	<u>\$ 592,158</u>
Total assets	<u>\$ 585,148</u>	<u>\$ 7,010</u>	<u>\$ 592,158</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenditures	\$ 47,605	\$ -	\$ 47,605
Due to general fund	-	7,010	7,010
	<u>47,605</u>	<u>7,010</u>	<u>54,615</u>
Total liabilities	<u>47,605</u>	<u>7,010</u>	<u>54,615</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	13,470	-	13,470
Deposits	15,506	-	15,506
Unassigned	508,567	-	508,567
	<u>537,543</u>	<u>-</u>	<u>537,543</u>
Total fund balances	<u>537,543</u>	<u>-</u>	<u>537,543</u>
Total liabilities and fund balances	<u>\$ 585,148</u>	<u>\$ 7,010</u>	<u>\$ 592,158</u>

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

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

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

**JUNE 30, 2015**

<b>Total fund balances - governmental funds</b>	<b>\$</b>	<b>537,543</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$304,405, and the accumulated depreciation is \$245,204.		59,201
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Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(46,545)
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Deferred tenant allowances are not due and payable in the current period and, therefore, are not reported as deferred inflows of resources in the governmental funds.		(31,250)
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<b>Total net position - governmental activities</b>	<b>\$</b>	<b>518,949</b>
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The accompanying notes to financial statements are an integral part of this statement.

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Federal direct	\$ -	\$ 24,220	\$ -	\$ 24,220
Federal sources passed through local school district	-	151,811	-	151,811
State and local sources	1,472,667	-	60,085	1,532,752
Contributions and other revenue	13,555	-	-	13,555
Total revenues	<u>1,486,222</u>	<u>176,031</u>	<u>60,085</u>	<u>1,722,338</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	577,189	89,304	-	666,493
Instructional support services	6,037	223	-	6,260
Instruction and curriculum development	107,310	60,784	-	168,094
Instructional staff training services	500	1,500	-	2,000
Instructional-related technology	-	22,733	-	22,733
Board	12,878	-	-	12,878
General administration	41,789	-	-	41,789
School administration	368,543	-	-	368,543
Fiscal services	42,893	-	-	42,893
Central services	1,670	-	-	1,670
Student transportation services	41,374	-	-	41,374
Operation and maintenance of plant	199,411	-	60,085	259,496
Capital outlay	2,026	1,487	-	3,513
Total expenditures	<u>1,401,620</u>	<u>176,031</u>	<u>60,085</u>	<u>1,637,736</u>
Net changes in fund balances	84,602	-	-	84,602
Fund balances at beginning of year	452,941	-	-	452,941
Fund balances at end of year	<u>\$ 537,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,543</u>

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

**BELIEVERS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$</b>	<b>84,602</b>
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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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$24,677) exceeds capital outlays (\$3,513) in the current year.		(21,164)
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Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(3,102)
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Increases in deferred tenant allowances are reported as other financing sources in the governmental funds because they represent an increase in current financial resources. They are reported as an increase in deferred inflows of resources in the statement of net position. This is the amount of amortization in the current year.		15,000
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<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>75,336</b>
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The accompanying notes to financial statements are an integral part of this statement.

**BELIEVERS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2015**

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

**Organization**

Believers Academy, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of at least five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Palm Beach County, Florida (the "School Board"). The current charter is effective until June 30, 2019 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education ("FDOE") to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

**Basis of presentation**

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

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

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

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

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

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

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources and Federal grants that are restricted by law or administrative action to expenditure for specific purposes.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general and special revenue funds constitute major funds. The capital projects fund is considered non-major and is presented as the other governmental fund.

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**Basis of accounting**

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

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

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

**Budgetary basis accounting**

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

**Cash and cash equivalents**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes. Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**Capital assets and depreciation**

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

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

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

	<u>Years</u>
Leasehold improvements	5
Computer software	3
Furniture, fixtures and equipment	3 - 5
Motor vehicles	10

Information relative to changes in capital assets is described in Note 2.

**Compensated absences**

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated.

**Deferred tenant allowance**

In connection with an amendment to its facility lease agreement, the School received an allowance from the lessor for \$75,000 to pay for leasehold improvements, which is being amortized over the sixty month lease term. As of June 30, 2015, the deferred tenant allowance balance was \$31,250, net of accumulated amortization of \$43,750. Amortization is recorded as a reduction of rent expense.

**Revenue sources**

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

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, the unspent portion is reflected as restricted net position and reserved fund balance in the accompanying statement of net position and balance sheet – governmental funds, respectively. As of June 30, 2015, all amounts received under this program had been expended.

**Income taxes**

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

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

The School assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School's financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold. With few exceptions, the School is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2011.

**BELIEVERS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Fund balance spending policy**

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund. The board's finance committee will review the change in fund balance on an annual basis. The review will take place after the audited financial statements are approved (late September), between the October and December meetings. If annual operations result in a negative adjustment to the fund balance, then the School's Operations Director will recommend to the Board adjustments to correct current operations. Corrections to current operations can be in the form of a reduction in recurring expenditures, an increase in recurring revenues or a combination of the two. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to a restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the School's Operations Director. There are no minimum fund balance requirements for any of the School's funds.

**Use of estimates**

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

**Subsequent events**

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through September 28, 2015, which is the date the financial statements were available to be issued.

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**2 CHANGES IN CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Leasehold improvements	\$ 75,000	\$ -	\$ -	\$ 75,000
Computer software	158,048	-	-	158,048
Furniture, fixtures and equipment	48,348	3,513	(6,563)	45,298
Motor vehicles	<u>26,059</u>	<u>-</u>	<u>-</u>	<u>26,059</u>
Total capital assets being depreciated	<u>307,455</u>	<u>3,513</u>	<u>(6,563)</u>	<u>304,405</u>
Less accumulated depreciation for:				
Leasehold improvements	(28,750)	(15,000)	-	(43,750)
Computer software	(152,843)	(5,205)	-	(158,048)
Furniture, fixtures and equipment	(42,652)	(1,866)	6,563	(37,955)
Motor vehicles	<u>(2,845)</u>	<u>(2,606)</u>	<u>-</u>	<u>(5,451)</u>
Total accumulated depreciation	<u>(227,090)</u>	<u>(24,677)</u>	<u>6,563</u>	<u>(245,204)</u>
Governmental activities capital assets, net	<u>\$ 80,365</u>	<u>\$(21,164)</u>	<u>\$ -</u>	<u>\$ 59,201</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 17,225
School administration	<u>7,452</u>
Total governmental activities depreciation expense	<u>\$ 24,677</u>

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

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

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

District School Board of Palm Beach County, Florida:	
ESE guaranteed allocation	\$ 627,056
Florida Education Finance Program	565,813
Class size reduction	126,458
Discretionary local effort	72,971
Capital outlay	60,085
Student transportation	37,595
Supplemental academic instruction	25,674
Instructional materials	10,515
Safe schools	2,867
Teacher lead	1,976
Digital classrooms allocation	1,273
Discretionary lottery funds	<u>469</u>
Total	<u>\$ 1,532,752</u>

The administration fee paid to the School Board during the year ended June 30, 2015 totaled approximately \$42,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds.

**4 RISK MANAGEMENT PROGRAM**

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

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**5 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2015 may be impaired.

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

**Legal matters**

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

**Lease commitments**

The School leases certain property and equipment under non-cancelable operating leases. These leases contain varying renewal options and require the School to pay insurance and other costs. Aggregate remaining minimum rental commitments as of June 30, 2015 under these leases are summarized as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2016	\$ 196,789
2017	204,023
2018	<u>16,991</u>
Total future minimum lease payments	<u><u>\$ 417,803</u></u>

Rental expense for the year ended June 30, 2015 was approximately \$189,000 and is included in operation and maintenance of plant in the accompanying financial statements.

**BELIEVERS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Contingent liabilities**

The School's contracts with two employees require the payment of base salary for 6 months or base salary for the remaining contract period, whichever is less, plus the payment of all bonuses that may be due to the employee, if the employee is terminated without cause prior to the contracts' termination date of June 30, 2019. An estimate of this contingent liability cannot be made as of June 30, 2015.

**6 RETIREMENT PLAN**

The School sponsors the Believers Academy 403(b) Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. All employees may contribute up to an annual maximum of pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes amounts to the Plan at the discretion of the Board of Directors. The School's contributions to the Plan for the year ended June 30, 2015 totaled approximately \$67,000, of which approximately \$33,000 and \$34,000 are included in instruction and school administration, respectively, in the accompanying financial statements.

**BELIEVERS ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State and local sources	\$ 1,390,525	\$ 1,399,054	\$ 1,472,667	\$ 73,613
Contributions and other revenue	34,330	34,330	13,555	(20,775)
Total revenues	<u>1,424,855</u>	<u>1,433,384</u>	<u>1,486,222</u>	<u>52,838</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	547,148	581,215	577,189	4,026
Instructional support services	-	-	6,037	(6,037)
Instruction and curriculum development	180,000	140,000	107,310	32,690
Instructional staff training services	-	-	500	(500)
Board	16,000	16,000	12,878	3,122
General administration	-	-	41,789	(41,789)
School administration	330,000	360,000	368,543	(8,543)
Fiscal services	43,000	43,000	42,893	107
Central services	40,000	40,000	1,670	38,330
Student transportation services	58,000	45,000	41,374	3,626
Operation and maintenance of plant	150,500	165,500	199,411	(33,911)
Administrative technology services	1,000	1,000	-	1,000
Capital outlay	-	-	2,026	(2,026)
Total expenditures	<u>1,365,648</u>	<u>1,391,715</u>	<u>1,401,620</u>	<u>(9,905)</u>
Net changes in fund balance	59,207	41,669	84,602	42,933
Fund balance at beginning of year	452,941	452,941	452,941	-
Fund balance at end of year	<u>\$ 512,148</u>	<u>\$ 494,610</u>	<u>\$ 537,543</u>	<u>\$ 42,933</u>

See independent auditor's report.

**BELIEVERS ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF PALM BEACH COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal direct	\$ -	\$ -	\$ 24,220	\$ 24,220
Federal sources passed through local school district	151,237	151,811	151,811	-
Total revenues	<u>151,237</u>	<u>151,811</u>	<u>176,031</u>	<u>24,220</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	84,237	89,304	89,304	-
Instructional support services	-	-	223	(223)
Instruction and curriculum development	67,000	62,507	60,784	1,723
Instructional staff training services	-	-	1,500	(1,500)
Instructional-related technology	-	-	22,733	(22,733)
Capital outlay	-	-	1,487	(1,487)
Total expenditures	<u>151,237</u>	<u>151,811</u>	<u>176,031</u>	<u>(24,220)</u>
Net changes in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of Believers Academy, Inc., a Charter School  
and Component Unit of the District School Board of Palm Beach County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Believers Academy, Inc. (the “School”), a charter school and component unit of the District School Board of Palm Beach County, Florida, 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 September 28, 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.

*BKHM, P.A.*

Winter Park, Florida  
September 28, 2015

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

To the Board of Directors of Believers Academy, Inc., a Charter School  
and Component Unit of the District School Board of Palm Beach County, Florida

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Believers Academy, Inc. (the "School"), a charter school and component unit of the District School Board of Palm Beach County, Florida, as of and for the year ended June 30, 2015, and have issued our report thereon dated September 28, 2015.

### **Auditor's Responsibility**

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

### **Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 28, 2015, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title**

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

### **Financial Condition**

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



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

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

### **Purpose of This Letter**

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



Winter Park, Florida  
September 28, 2015