

SUNSHINE HIGH SCHOOL –
GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
(A component unit of the District School
Board of Orange County, Florida)

FINANCIAL STATEMENTS
(Audited)

For the year ended June 30, 2015

**SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School**

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DAVID S. HOLLAND, CPA
THOMAS F. REILLY, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Sunshine High School – Greater Orlando Campus, Inc.
d/b/a Sunshine High School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sunshine High School – Greater Orlando Campus, Inc. d/b/a Sunshine High School (the School), a component unit of the District School Board of Orange 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.

Auditors' 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 of 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sunshine High School – Greater Orlando Campus, Inc. d/b/a Sunshine High School 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 management's discussion and analysis and budgetary comparison information on page 21 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 24, 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.

Holland & Rilly

Orlando, FL
September 24, 2015

MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

As management of Sunshine High School – Greater Orlando Campus, Inc. d/b/a Sunshine High School (the School), a component unit of the District School Board of Orange County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2015.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year's operations.

- The School is managed by Accelerated Learning Solutions, Inc. (ALS). Through December 31, 2014, the School was managed by Community Education Partners, Inc. (CEP). As of January 1, 2015, CEP assigned the management agreement to ALS, an affiliate.
- The net position at the School as of June 30, 2015 of \$380,772 primarily consisted of cash, capital assets, and Public Education Capital Outlay Receivable, in excess of payable due to the management company, unearned revenue, and long-term debt.
- The School's total revenues were \$4,258,982 including \$3,774,693 from state FEFP, \$181,082 from transportation funding, \$239,182 from state Public Education Capital Outlay, \$1,785 from Florida Teachers' Lead Program, \$55,652 in telecommunications funding, \$4,142 in a federal grant, and \$2,446 in miscellaneous revenue. The School's expenditures for the year ended June 30, 2015 were \$4,063,815.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Basic Financial Statements

The government-wide basic financial statements are designed to provide readers with a broad overview of the School's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Basic Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the basic government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two governmental fund types, the General Fund and the Capital Projects Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the two funds.

The governmental fund financial statements can be found on pages 9 and 10 of this report.

The School adopts an annual budget for the General Fund. A budgetary comparison statement has been provided on page 21 for the General Fund to demonstrate compliance with the budget.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Notes to Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to basic financial statements can be found on pages 11 through 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis in the table below focuses on the net position of the School's governmental activities:

STATEMENT OF NET POSITION

	2014	2015
Current and other assets	\$ 739,958	\$ 760,857
Capital assets	455,073	305,322
	1,195,031	1,066,179
Current liabilities	595,553	421,285
Long-term liabilities	377,890	264,122
	973,443	685,407
Net position	\$ 221,588	\$ 380,772

The results of the operations for the School as a whole are reported in the statement of activities on page 8. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2014 and 2015.

CHANGE IN NET POSITION

	2014	2015
Revenues:		
General Revenues		
Federal sources	\$ 4,393	\$ 4,142
State sources	3,683,211	4,252,394
Program Revenues	3,595	2,446
	3,691,199	4,258,982
Expenses:		
Instruction – basic	999,771	931,126
Instruction – exceptional	4,830	7,239
Pupil personnel services	226,372	238,301
School board	19,113	22,680
School administration	581,194	662,812
Fiscal services	9,910	10,355
Transportation services	73,862	67,278
Plant operations and maintenance	486,330	592,360
Management company fee	1,145,220	1,544,799
Interest	30,518	22,848
	3,577,120	4,099,798
Change in net position	\$ 114,079	\$ 159,184

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
MANAGEMENT’S DISCUSSION AND ANALYSIS
 June 30, 2015

GOVERNMENTAL FUND EXPENDITURES

The following table presents the cost of the largest functions/programs as a percentage of total governmental expenditures:

Governmental Expenditures	2014		2015	
	Expenditures	%	Expenditures	%
Instruction	\$ 963,744	27.3 %	\$ 903,604	22.2 %
Pupil personnel services	226,372	6.4	238,301	5.9
School administration	581,194	16.5	662,814	16.3
Plan operations and maintenance	371,340	10.5	477,370	11.7
Management company fee	1,145,220	32.5	1,544,799	38.0
Debt service	136,616	3.9	136,616	3.4
Other expenditures	102,885	2.9	100,311	2.5
	<u>\$ 3,527,371</u>	<u>100 %</u>	<u>\$ 4,063,815</u>	<u>100 %</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During the year ended June 30, 2015 the School did not acquire any capital assets. Other capital assets are provided by the management company that was engaged to operate the School (Note 4).

Debt Administration

The School made principal payments of \$113,768 reducing the loan payable to \$264,122 at June 30, 2015 (Note 5).

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues were higher than budget because annual enrollment was higher by 54 students or approximately \$375,000. Also, the FEFP rate paid by the District was higher than the budgeted rate, a total of approximately \$118,000.

Total expenditures were unfavorable to the budget due mainly to higher instructional and pupil personnel services, and school administration costs, as well as incurring a higher management company fee. These costs were primarily related to favorable revenue variances. See page 21.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

FEFP funding per student will increase by \$225.06 or 3.6% in FY 2016 as compared to FY 2015. The management agreement continues to provide for the delivery of services despite any revenue shortfalls. Enrollment will be sufficient. These factors were considered in preparing the FY 2016 budget.

REQUESTS FOR INFORMATION

If you have any questions about this report or need additional information, please write to Accelerated Learning Solutions, Inc., 2636 Elm Hill Pike, Suite 500 Nashville, TN 37214.

BASIC FINANCIAL STATEMENTS

SUNSHINE HIGH SCHOOL - GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 685,426
Accounts receivable, Public education capital outlay funds	53,682
Grant receivable	768
Security deposits	20,981
Capital assets, net of accumulated depreciation	<u>305,322</u>
 Total assets	 \$ <u><u>1,066,179</u></u>

LIABILITIES AND NET POSITION

Liabilities:	
Payable to management company	350,070
Payable to District School Board	17,533
Unearned revenue	53,682
Notes payable:	
Current	121,992
Long-term	142,130
Total liabilities	<u>685,407</u>
 Net Position:	
Net investment in capital assets	41,200
Restricted	200,843
Unrestricted	138,729
Total net position	<u>380,772</u>
 Total liabilities and net position	 \$ <u><u>1,066,179</u></u>

See accompanying notes.

SUNSHINE HIGH SCHOOL - GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
STATEMENT OF ACTIVITIES
for the year ended June 30, 2015

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Governmental Activities Net Revenue (Expense) And Change In Net Position</u>
Functions/Programs:			
Instruction - basic	\$ 931,126	\$ -	\$ (931,126)
Instruction - exceptional	7,239	-	(7,239)
Pupil personnel services	238,301	-	(238,301)
School board	22,680	-	(22,680)
School administration	662,812	-	(662,812)
Fiscal services	10,355	-	(10,355)
Transportation services	67,278	-	(67,278)
Plant operations and maintenance	592,360	2,446	(589,914)
Management company fee	1,544,799	-	(1,544,799)
Interest	22,848	-	(22,848)
Total expenses	<u>\$ 4,099,798</u>	<u>\$ 2,446</u>	<u>(4,097,352)</u>
General revenues:			
Federal sources			4,142
State sources			<u>4,252,394</u>
			<u>4,256,536</u>
Change in net position			159,184
Net position, beginning of period			<u>221,588</u>
Net position, end of period			<u>\$ 380,772</u>

See accompanying notes.

SUNSHINE HIGH SCHOOL - GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	Governmental Funds		
	General Fund	Capital Outlay	Total
Assets:			
Cash and cash equivalents	\$ 484,583	\$ 200,843	\$ 685,426
Accounts receivable, Public education capital outlay funds		53,682	53,682
Grant receivable	768		768
Security deposits	20,981		20,981
 Total assets	 \$ 506,332	 \$ 254,525	 \$ 760,857
Liabilities:			
Payable to management company	350,070		350,070
Payable to District School Board	17,533		17,533
Unearned revenue		53,682	53,682
Total liabilities	367,603	53,682	421,285
Fund Balances:			
Nonspendable	20,981		20,981
Restricted		200,843	200,843
Unassigned	117,748		117,748
	138,729	200,843	339,572
 Total liabilities and fund balances	 \$ 506,332	 \$ 254,525	 \$ 760,857

Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position:

Governmental Funds Balance		\$ 339,572
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	\$ 749,950	
Accumulated depreciation	(444,628)	305,322
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
		(264,122)
Net Position of Governmental Activities (page 7)		\$ 380,772

See accompanying notes.

SUNSHINE HIGH SCHOOL - GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
for the year ended June 30, 2015

	General Fund	Capital Outlay	Total Governmental Funds
Revenues:			
Federal sources	\$ 4,142	\$	\$ 4,142
State sources			
Florida education finance program	3,845,178		3,845,178
Florida education finance program capital outlay	110,597		110,597
Public education capital outlay		239,182	239,182
Florida lead teachers' program	1,785		1,785
Local sources	2,446		2,446
Telecommunications funding	55,652		55,652
Total revenues	4,019,800	239,182	4,258,982
Expenditures:			
Instruction - basic	\$ 896,365	\$	\$ 896,365
Instruction - exceptional	7,239		7,239
Pupil personnel services	238,301		238,301
School board	22,680		22,680
School administration	662,812		662,812
Fiscal services	10,355		10,355
Transportation services	67,278		67,278
Plant operations and maintenance	238,188	239,182	477,370
Management company fee	1,544,799		1,544,799
Debt service:			
Principal	113,768		113,768
Interest	22,848		22,848
Total expenditures	3,824,633	239,182	4,063,815
Excess of revenues over expenditures before other financing sources and uses	195,167	-	195,167
Other financing sources (uses):			
Transfers in (out)	(110,597)	110,597	-
Excess of revenues over expenditures and transfers in (out)	84,570	110,597	195,167
Fund balance, beginning of period	54,159	90,246	144,405
Fund balance, end of period	\$ 138,729	\$ 200,843	\$ 339,572
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities:			
Net Change in Fund Balance - Governmental Funds			\$ 195,167
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives as depreciation expense.			
	Capital outlay	\$ -	
	Depreciation expense	(149,751)	(149,751)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
	Debt proceeds	-	
	Principal payments	113,768	113,768
Change in Net Position of Governmental Activities (page 8)			\$ 159,184

See accompanying notes.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Background and Organization - Sunshine High School – Greater Orlando Campus, Inc. d/b/a Sunshine High School in Orlando (the School), (a component unit of the District School Board of Orange County, Florida) is part of the Florida system of public education under the general direction of the Florida Department of Education (Department). The School was incorporated as a Florida not-for-profit corporation in July 2011, and commenced operations as a charter school in August 2012. The School was granted a charter to operate a high school, including grades nine to twelve, by the District School Board of Orange County, Florida (the District) in April 2012.

The School is primarily funded through state-wide Florida Education Finance Program (FEFP) funding received by the District and passed through to the School.

The School had developed a philosophy of recognizing and rewarding each student as an individual. Therefore the educational program, goals and objectives, and methods of accountability toward the objectives, must be set according to the situation of each individual student.

The School has selected a self-paced, mastery based, accelerated learning program as the model to implement this philosophy. The goal of the School is to provide, for students that might not be best suited for traditional schools, a school program and educational opportunities. These students include, but are not limited to, drop-outs or those in danger of dropping out, students needing more remedial support or individual instruction than can be obtained in a traditional high school, and students with family or other situations that prevent attendance at regularly scheduled programs at traditional high schools.

A Board of Directors (the Board) governs the School, and the School has retained a management company to operate the School (See Note 4).

Reporting Entity - The School operates under a charter granted by the District. The five-year charter covers the five-year period July 1, 2012 to June 30, 2017. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the expiration of the charter. During the term of the charter, the District may also immediately terminate the charter if good cause is shown or if the District believes that the health, safety or welfare of the students is threatened. In the event the School is dissolved or terminated, any public unencumbered funds and all school property purchased with public funds automatically revert to the District. Because the School is fiscally dependent on and financially accountable to the District, it is considered a component unit of the District School Board of Orange County, Florida.

The School had no component units itself because it has no subsidiary or fiscally dependent organizations.

Basis of Presentation Type of Entity Presented - Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Not-for-Profit Organizations* and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes and not as a not-for-profit organization.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – continued:

The School is required by contract with the District to use the governmental reporting model and follow the fund and account structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the Florida Department of Education.

Financial Statements Presented - The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). All of the School's activities are classified as governmental activities.

Basis of Presentation - Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School as a whole. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all non-current debt and obligations. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants, and contributions. The effect of interfund activities has been removed from these statements. Program revenues include charges for services provided to participants on a voluntary basis. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the School.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Basis of Presentation – Fund Financial Statements - The accounts of the School are organized on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the fund financial statements in this report, into fund types as follows:

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – continued:

Fund Accounting - Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School has two major governmental funds.

General Fund – accounts for all of the financial activities of the school not required to be accounted for in another fund and certain revenues from Federal and State sources that are not legally restricted to be expended for specific current operating purposes.

Capital Outlay Fund – to account for financial resources (Public Education Capital Outlay) to be used for acquisition or funding of major capital facilities or equipment.

Measurement Focus - The accounting and reporting treatment applied to the financial statements is determined by its measurement focus.

The government-wide financial statements use the economic resources measurement focus, which means that all assets and liabilities, whether current or non-current, are included.

Governmental funds are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The governmental funds are accounted for using the modified accrual basis of accounting, under which revenues are recognized when they become both measurable and available as net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures and the related liabilities are recognized when incurred under this method of accounting.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – continued:

Net Position and Fund Balances - Both the government-wide financial statements and the fund financial statements divide the residual equity shown on the financial statements into categories as follows:

Government-Wide Financial Statements - Net position is classified into categories as follows:

Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Unrestricted - indicates that portion of net position that is available to fund future operations.

Fund Financial Statements – Categories and classification of fund balance:

GASB Statement 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed on the use of the resources reported in governmental funds. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance classifications are as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Nonspendable fund balance of \$20,981 pertains to security deposits.

Restricted – amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. Fund balance of \$200,843 is restricted for capital outlay at June 30, 2015.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the School's highest level of decision-making authority. The School's Board of Directors addresses these commitments through formal board action prior to the School's fiscal year end. The School had no committed fund balance amounts at June 30, 2015.

Assigned – amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the Board. The School had no assigned fund balance amounts at June 30, 2015.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balances may also include negative fund balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – continued:

The School uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the School would first use committed, then assigned, and lastly unassigned amounts.

The School does not have a formal minimum fund balance policy, nor has it established any stabilization arrangements within fund balances.

Budget and Budgetary Accounting - The School prepares its budget utilizing the modified accrual basis of accounting. The schedule of revenues, expenditures, and change in fund balance - actual compared to budget uses the budget adopted by the School.

Use of Unrestricted versus Restricted Resources - It is the School's policy to use restricted resources before using unrestricted resources when both are available to pay expenses.

Cash and Cash Equivalents - Cash and cash equivalents consist of demand deposit accounts at June 30, 2015. For financial reporting purposes, cash and cash equivalents includes all demand deposit, savings, and money market accounts, and certificates of deposits with maturities of less than 90 days.

Capital Assets – School-owned assets consist of leasehold improvements, computers, office furniture, and equipment. Capital assets purchased in the governmental funds are recorded as expenditures at time of purchase. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined as assets with a cost of \$1,000 or more. Donated capital assets are recorded at fair market value at the date of donation. Depreciation is provided on capital assets as a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable assets ranging from three to five years.

See Note 4 regarding capital assets acquired by the management company exclusively or primarily for use by the School in its operations. These assets are not reflected in these financial statements as they were acquired and owned by the management company.

Revenue recognition – As noted above, per student funding is provided by the state-wide Florida Education Finance Program (FEFP) through the District. Beginning July 2010, the District may only withhold up to a 5% administrative fee for enrollment up to and including 250 students. For charter schools with a population of 251 or more students, the difference between the total administrative fee calculation on total enrollment and the amount of the administrative fee withheld may only be used for capital outlay purposes. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

State Revenue Sources - Revenue from State sources for current operations are primarily from the FEFP administered by the Florida Department of Education under the provisions of Section 1011.60, Florida Statutes. In accordance with this law, the Board determines and reports the number of FTE students and related data to the Department.

Unearned Revenue – Unearned revenue represents Public Education Capital Outlay that has been allocated to the School by the State of Florida but has not yet been approved for reimbursement by the District.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – continued:

The Department performs certain edit checks on the reported number of FTEs and related data and calculates the allocation of funds to the School. The School is permitted to amend its original reporting for a period of one year following the date of the original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical educational programs. Florida Department of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund.

The State allocates gross receipt taxes, generally known as Public Education Capital Outlay money, to local school boards on an annual basis. The boards are authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Florida Department of Education.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from those estimates.

Income taxes - The School is a not-for-profit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

2. Cash and Cash Equivalents:

At June 30, 2015, the carrying amount of the demand deposits and cash on hand totaled \$685,426.

As State of Florida Statutes and the School's policy require, all cash and cash equivalents are held at financial institutions approved by the State Treasurer to hold public deposits in accordance with the "Florida Security for Public Deposits Act", Chapter 280 Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depository to the State Treasurer is defined by the statute. In the event of a failure of any member in the pool, the Public Deposit Security Trust Fund has a procedure whereby the remaining member institutions would be responsible for covering any resulting losses. Since the School's deposits are held in a qualified public depository, they are covered by the collateral pool as the School had identified itself as a public entity at June 30, 2015.

The School maintains its cash accounts with one financial institution which is insured by the Federal Deposit Insurance Corporation. As of June 30, 2015, the School had no uninsured cash balances with that financial institution.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

3. Capital Assets:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets being depreciated:				
Leasehold improvements	\$ 574,950	\$ -	\$ -	\$ 574,950
Furniture, fixtures and equipment	175,000	-	-	175,000
	<u>749,950</u>	<u>-</u>	<u>-</u>	<u>749,950</u>
Less accumulated depreciation for:				
Leasehold improvements	220,214	114,990	-	335,204
Furniture, fixtures and equipment	74,663	34,761	-	109,424
	<u>294,877</u>	<u>149,751</u>	<u>-</u>	<u>444,628</u>
Total capital assets, net	<u>\$ 455,073</u>	<u>\$ (149,751)</u>	<u>\$ -</u>	<u>\$ 305,322</u>
Depreciation was charged to functions as follows:				
Instruction - basic				\$ 34,761
Operation of plant				<u>114,990</u>
				<u>\$ 149,751</u>

4. Commitments, Contingencies and Related Party Transactions:

Management Agreement - The School has entered into a management agreement with a management company to provide for most of the School's resources and management services. Through December 31, 2014, the management agreement was with Community Education Partners, Inc. (CEP). As of January 1, 2015, CEP assigned the management agreement to Accelerated Learning Solutions, Inc. (ALS). The agreement commenced upon its execution and continues through June 2018. The agreement renews automatically for additional, successive five (5) year terms unless either party notifies the other party at least six months prior to the expiration of the then current contract period of its intention not to renew the agreement. Under the terms of the agreement, the School is charged fees for services of ninety-seven (97%) of the School's qualified gross revenues as defined by the agreement. Qualified gross revenues include various federal, state and local source revenues with certain exceptions. The qualified gross revenues do not include any federal or state awards that are a direct reimbursement of expenditures previously incurred by the School. The Company is also entitled to all grants and contributions not defined by the agreement within the terms of qualified gross revenues.

In return for the above fees the Company shall be responsible for providing the educational model, salaries for all personnel, costs for curriculum materials, textbooks, library books, facilities, computers and other equipment, software, supplies, maintenance and certain capital improvements of the School.

The contract may be terminated by the School for non-renewal of the charter with the District, and for breaches of contract terms which have not been cured within ninety days written notice at the time of the contract breach. The contract may be terminated by the Company for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the Company, material changes in federal or state funding, damages to the school facility that make School operations unfeasible, uneconomical or impractical as long as such notification comes within sixty (60) days after the occurrence that caused such situation. If the Contract is terminated by the Company after the beginning of the school year, the termination will not be effective until the end of that school year.

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

4. Commitments, Contingencies and Related Party Transactions - continued:

Upon termination of the agreement, the School has the right to have all real and personal property leases related to the School assigned to and assumed by the School, as long as the lease permits assignment. The School also has the right to purchase all personal property and leasehold improvements owned by the Company and used exclusively or primarily in connection with School operations at the asset's "net book value", which shall be calculated based on the straight line method of depreciation. The useful lives assigned for this calculation are three (3) years for computers and software; five (5) years for furniture, fixtures and textbooks; and ten (10) years for buildings and leasehold improvements. There are no terms specified in the agreement for this purchase option.

Assets with an original cost of \$477,532 and a net book value of \$252,081 as of June 30, 2015 have been identified by the Company to be used exclusively or primarily in connection with School operations. Activity related to capital assets used by the School for the year ended June 30, 2015 was as follows:

	Capital Assets	Accumulated Depreciation	Net Book Value
Leasehold improvements	\$ 186,444	\$ 31,316	\$ 155,128
Computers and software	173,902	143,384	30,518
Furniture, fixtures and equipment	117,186	50,751	66,435
	\$ 477,532	\$ 225,451	\$ 252,081

For the year ended June 30, 2015, the Company provided to the School its resources and management services as outlined in the management agreement. The amount charged by the Company is \$3,478,379 representing the 97% management fee, and is comprised of identifiable direct functional expenses/expenditures of \$1,719,556, indirect management company expenses/expenditures of \$214,024, and a management fee of \$1,544,799. The allocated indirect management company expenses/expenditures are included in school administration in the financial statements.

All employees are employees of the management company and benefits are its responsibility. Management company employees may participate in a defined contribution plan that is qualified under Section 401(k) of the Internal Revenue Code, sponsored by the management company. Participants may contribute a portion of their compensation subject to a maximum annual deferral contribution. The School made no matching contributions to the plan for the year ended June 30, 2015. The School provides no post-retirement benefits to retired employees.

Telecommunications Funding - The School reports its share (\$55,652) of rebates on telecommunications purchases as telecommunications funding. Payments are received in consort with other schools managed by ALS Education, Inc. (formerly Community Education Partners, Inc.), and Accelerated Learning Solutions, Inc. from the Schools and Libraries portion of the United Services Fund authorized by the Telecommunications Act of 1996 (E-Rate).

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

4. Commitments, Contingencies and Related Party Transactions - continued:

Lease commitment - The School entered into a five year lease for the facilities of the School. The lease began in August 2012 and through December 2013 payments approximated \$11,736 per month, including sales tax. Commencing January 2014, the monthly rent increased to \$15,197, including sales tax. The lease also calls for monthly common maintenance charges (\$4,694 a month through December 2013, increasing to \$5,919 in January 2014) to be assessed in addition to other charges including applicable taxes. In addition, the lease contains four renewal options for five years each, with prior approval of the landlord. Rents will increase 10% at the start of each five-year renewal. ALS Education, Inc. is a guarantor on the lease.

Total lease expense totaled \$182,169. Common area maintenance charges (CAM) related to the lease were \$71,031.

Future rental commitments under the School's facility lease, including CAM and sales tax, are as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2016	\$ 253,399
2017	253,399
2018	<u>21,117</u>
	<u>\$ 527,915</u>

5. Long-term Debt:

Loan Payable – In June 2012, the School entered into a \$574,950 loan payable with the landlord of its facility to finance leasehold improvements. Terms call for monthly payments of principal and interest (7%) of \$11,385, with a final maturity date of July 30, 2017, and is guaranteed by ALS Education, Inc. The balance of the loan payable at June 30, 2015 was \$264,122. The following is a summary of changes in long-term obligations during the fiscal year:

	Balance June 30, 2014	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2015	Due Within One Year
Loan payable	<u>\$ 377,890</u>	<u>\$ -</u>	<u>\$ 113,768</u>	<u>\$ 264,122</u>	<u>\$ 121,992</u>

The following is the debt service requirements on the loan payable:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 121,992	\$ 14,624	\$ 136,616
2017	130,811	5,805	136,616
2018	11,319	66	11,385
	<u>\$ 264,122</u>	<u>\$ 20,495</u>	<u>\$ 284,617</u>

SUNSHINE HIGH SCHOOL – GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
NOTES TO FINANCIAL STATEMENTS

6. Risk Financing:

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters, illnesses of and injuries to employees. Some of this risk is subject to limitations imposed by sovereign immunity and Florida law applicable to tort settlements.

The School obtains insurance policies from commercial companies for property and general liability, boiler and machinery, flood, general umbrella, workers compensation, bond payment, and certain employee accident and health insurance. There have been no significant reductions in insurance coverage during the year ended June 30, 2015. Settled claims resulting from these risks have not exceeded commercial coverage for the past three years.

It is the School's policy to report liabilities when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. At June 30, 2015, no claims meeting this definition are known to exist, nor are any incurred but not reported (IBNR) claims estimated to exist. Accordingly, no liabilities resulting from claims or uncertainties are reported in the financial statements at June 30, 2015.

7. Concentrations and Dependence on Management Company:

The School has no employees and owns certain leasehold improvements, computers and equipment used by students. Instead, the Company supplies the educational model, all employees and substantially all management services to the School. The Company owns some of the capital assets used by the School. In addition, the Company researches, negotiates, arranges for, and manages all purchases, including insurance, supplies, etc. Substantially all of the School's accounting transactions, except for some minor local expenses, are managed and controlled by the Company through a single integrated accounting system.

Since the School receives all of its administrative and management support from the Company, a reduction in the levels of administrative and management support would have a significant effect on the School's activities and it may not be able to continue in its present form.

8. Expenditures over Appropriations:

The School experienced an excess of expenditures over appropriations by \$421,607, primarily due to instruction, pupil personnel services, school administration, plant operations and maintenance, and an increased management company fee.

9. Interfund Transfers:

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds. The transfer of \$110,597 from the General Fund to the Capital Outlay Fund is for FEFP funding restricted for capital outlay expenditures.

10. Subsequent Events:

Management has evaluated events and transactions for potential recognition or disclosure through September 24, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY
INFORMATION
(RSI)

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND (PAGE 21)

OTHER REPORTS

SUNSHINE HIGH SCHOOL - GREATER ORLANDO CAMPUS, INC.
d/b/a Sunshine High School
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
for the year ended June 30, 2015

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance</u>
	<u>Original</u> <u>and Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>
General Fund			
Revenues:			
Federal sources	\$ -	\$ 4,142	\$ 4,142
State sources	3,441,548	3,957,560	516,012
Local sources	-	2,446	2,446
Telecommunications funding	43,544	55,652	12,108
Total revenues	<u>3,485,092</u>	<u>4,019,800</u>	<u>534,708</u>
Expenditures:			
Instruction - basic	828,929	896,365	(67,436)
Instruction - exceptional	-	7,239	(7,239)
Pupil personnel services	182,125	238,301	(56,176)
School board	15,996	22,680	(6,684)
School administration	604,866	662,812	(57,946)
Fiscal services	12,000	10,355	1,645
Transportation services	80,000	67,278	12,722
Plant operations and maintenance	164,385	238,188	(73,803)
Management company fee	1,378,105	1,544,799	(166,694)
Debt service:			
Principal	113,768	113,768	-
Interest	22,852	22,848	4
Total expenditures	<u>3,403,026</u>	<u>3,824,633</u>	<u>(421,607)</u>
Excess of revenues over expenditures before other financing sources and uses	82,066	195,167	113,101
Other financing sources (uses):			
Transfers in (out)	<u>-</u>	<u>(110,597)</u>	<u>(110,597)</u>
Excess of revenues over expenditures and transfers in (out)	82,066	84,570	2,504
Fund balance at beginning of year	54,159	54,159	-
Fund balance at end of year	<u>\$ 136,225</u>	<u>\$ 138,729</u>	<u>\$ 2,504</u>

Note 1. Budgets are prepared and original budgets are adopted annually for certain governmental funds in accordance with procedures and time intervals prescribed by the Board of Directors (Board) of the School. During the fiscal year ended June 30, 2015, the Board adopted an annual budget for the General Fund. The school is not required to submit its budget to any regulatory agencies.

Note 2. Appropriations are controlled at the fund level and may be amended at any Board meeting prior to the due date of the annual financial report. Budgets are prepared using the same modified accrual basis as is used to account for actual transactions.

HOLLAND & REILLY

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CERTIFIED FRAUD EXAMINERS

DAVID S. HOLLAND, CPA

THOMAS F. REILLY, CPA

INDEPENDENT AUDITORS' 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
Sunshine High School – Greater Orlando Campus, Inc.
d/b/a Sunshine High School

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 each major fund of Sunshine High School – Greater Orlando Campus, Inc. d/b/a Sunshine High School (the School), a component unit of the District School Board of Orange 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 24, 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 opinion 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 School'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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holland & Reilly

Orlando, Florida
September 24, 2015

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DAVID S. HOLLAND, CPA
THOMAS F. REILLY, CPA

To the Board of Directors of
Sunshine High School – Greater Orlando Campus, Inc.
d/b/a Sunshine High School

We have audited the financial statements of Sunshine High School – Greater Orlando Campus, Inc. d/b/a Sunshine High School, as of June 30, 2015 and for the year then ended and have issued our report thereon dated September 24, 2015.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated September 24, 2015, 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.

The Rules of the Auditor General (Section 10.854(1)(e)) require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal controls:

- 1) Any recommendations to improve financial management.
- 2) Violation of 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 which warrant the attention of those charged with governance.
- 3) For matters that do not warrant the attention of those charged with governance, the following may be reported based on professional judgment:
 - a) Violations of provisions of contracts or grant agreements, fraud or abuse,
 - b) Deficiencies in internal control that are not material weaknesses or significant deficiencies.

There was one matter that came to the attention of the auditor, that, in our judgment, is required to be reported. See Comment 2015-1 on page 25.

Based on our audit procedures performed we determined that the School did not meet any of the conditions described in Florida Statutes Section 218.503(1).

The auditors applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

We determined the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

See status of prior year comments on page 25.

This management letter is intended solely for the information of Sunshine High School – Greater Orlando Campus, Inc., d/b/a Sunshine High School, and management, the District School Board of Orange County, Florida and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Orlando, FL
September 24, 2015



AUDITORS' COMMENTS – CURRENT YEAR

Compliance

None

STATUS OF PRIOR YEAR COMMENTS

2014-1 Need to Form Student Advisory Council

The School did form a Student Advisory Council (SAC), but neglected to forward the names to the District School Board of Orange County by November 1, 2014 as required by Section 8B)5e of the Charter.

Although the School substantially complied with the requirement to form a SAC, we recommend the names of the SAC members be forwarded to Orange County Public Schools by November 1 in order to be in full compliance with the Charter.