



## **Board of Directors' Meeting**

**Tuesday, October 2, 2018  
10:00 AM**



**Four Corners Charter School, Inc.**  
**Board of Directors' Meeting**

Tuesday, October 2, 2018  
10:00 a.m.  
Four Corners Charter School  
9100 Teacher Lane | Davenport, FL 33897



## Agenda

Call to Order  
Roll Call

	<b>Page:</b>
<b>I. Administrative</b>	<b>3</b>
• Approval of August 21, 2018 Minutes	4-7
<b>II. New Business</b>	<b>8</b>
• Approval of ESOL/Out of Field Waivers	9-10
• Approval of Best and Brightest	11
<b>III. Old Business</b>	<b>12</b>
• Covered PE Area Update	13
<b>IV. CSUSA Reports</b>	<b>14</b>
• FCCS School Strategic Initiatives	15
• FCCS School Report	16
<b>V. Financials</b>	<b>17</b>
• Osceola – Audits for FCCS/FCCS Inc.	18-92
<b>VI. Public Comments</b>	
<b>VII. Adjournment</b>	

◀ **Next Meeting: Tuesday, February 5, 2019 at 2:00 PM, School District of Osceola County** ▶

# Section Cover Page



## I. ADMINISTRATIVE

### Approval of Board Minutes

- Informational
- For Discussion
- For Action

Notes:

## **BOARD MEETING MINUTES**

**Name of Foundation:** Four Corners Charter School, Inc.  
**Board Meeting:** Tuesday, August 21, 2018  
**School(s):** Four Corners Charter School

*The minutes of Sunshine Law meetings need not be verbatim transcripts of the meeting. These minutes are a brief summary of the events of the meeting.*

<b>Date:</b>	<b>Start</b>	<b>End</b>	<b>Next Meeting:</b>	<b>Next time:</b>	<b>Prepared by:</b>
August 21, 2018	2:03 PM	3:35 PM	October 2, 2018	10:00 AM	K. Robertson
<b>Meeting Location:</b>					
School District of Osceola County: 817 Bill Beck Blvd., Kissimmee, FL 34744					

<b>Attended by:</b>	
<p><b>Board Members:</b>  Ricky Booth, Chairman  Jim Miller, Director  Tim Weisheyer, Director</p> <p><b>Telephonic:</b>  Marc Dodd, Director – left at 2:40p</p> <p><b>Absent:</b>  Jay Wheeler, Director</p>	<p><b>Other Attendees:</b>  Dr. Sonia Vazquez, Exec Director, Charter Schools, Osceola County School District  Angela Barner, Senior Accountant, Osceola County School District  Frank Kruppenbacher, Board Attorney  Denise Thompson, Principal, Four Corners Charter School  Joe Childress, AP, Four Corners Charter School  Kimberly Linden, Parent Facilitator, Four Corners Charter School  Dr. David Christiansen, Chief of Schools, CSUSA  Jermaine Dawson, North Florida State Director, CSUSA  Kerrian Robertson, Governing Board Manager, CSUSA  Lisanne Morton, Manager F&amp;A, CSUSA  Debra Leite, Sr. Financial Analyst, CSUSA  Wes Walker, Sr. Surveillance Infrastructure Admin., CSUSA  Mike Santoro, Regional Facility Manager, CSUSA</p>

### **CALL TO ORDER**

Pursuant to public notice, the meeting commenced at 2:03 p.m. with a Call to Order by Chairman Ricky Booth. Roll call was taken and quorum established.

#### **I. ADMINISTRATIVE**

##### Approval of June 27, 2018 Minutes

- The Board reviewed the minutes of the June 27, 2018 meeting.
- The June 27, 2018 minutes was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Jim Miller and seconded by Tim Weisheyer to approve the minutes of the June 27, 2018 for Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (4-0)(1-absent).**

#### **II. NEW BUSINESS**

##### CSUSA Transformation Message

- Kerrian Robertson introduced Dr. David Christiansen as the Chief of Schools for CSUSA. Dr. Christiansen shared a brief summary of his past experiences, and presented the CSUSA transformation to the Board.

- Marc Dodd explained that Lake County is not using personalized learning instructions for students since students were left on their own to develop their own learning strengths. Dr. Christiansen explained that CSUSA's personalized learning is not similar to the Gates Grants, and that students will not be left by themselves to develop their own learning strengths.
- Tim Weisheyer applauded CSUSA for their transformation and goal setting moving forward.
- The CSUSA transformation message was part of the agenda and was made a part of these minutes.

#### CSUSA Teacher/Admin Evaluation System

- Jermaine Dawson shared the changes to the CSUSA teacher and administrator evaluation system offered to FCCS. He explained that the evaluation system was in draft form which covers the changes in statute around student growth thereby giving CSUSA more flexibility in how growth is measured in relation to staff and leader evaluations. CSUSA is now able to use its own internal assessments of growth instead of the state's; CSUSA uses NWEA. CSUSA is adjusting its evaluation scale to align more with the state-wide evaluation trends without lowering expectations on the rigor of classroom instruction. The CSUSA evaluation system is a three-year plan from 2018-2021. All questions were answered by Mr. Dawson.
- The CSUSA teacher and administrator evaluation system was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Jim Miller and seconded by Tim Weisheyer to approve the draft form of the CSUSA Teacher/Admin Evaluation System for FCCS as presented at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (4-0)(1-absent).**

### **III. OLD BUSINESS**

#### Facility Update

- Mike Santoro shared the facility update for FCCS. He explained that the A/C was replaced and that all other projects were on hold until CSUSA receives further instructions from the Osceola School District. The projects that are on hold are the playground by Creative Playthings at \$38,779.60, security intercom by Colwill Engineering at \$5,574.74, and the security fence by Complete Custom Fence at \$16,889.00.
- Angela Barner explained that the District placed a hold on the projects because of the confusion between which entity would be responsible for the payment of the projects; however, the District will be working with CSUSA to continue the projects in the coming months since it is now clear that the FCCS, Inc. will be responsible for the payment.
- Kerrian Robertson asked if there was a decision by the Board to use the prior uncollected management fee to the District of \$180K towards the covered PE area for FCCS as suggested by Jay Wheeler from the May meeting.
- Angela Barner explained that the District had decided to collect the management fee from the Board moving forward, but will not collect the \$180K from the Board.
- Tim Weisheyer explained that the \$180K will be placed in the FCCS, Inc. account and will be used towards various projects for the school.
- The Board discussed the covered PE area that was deferred to this meeting, and asked that Mr. Clinch work with CSUSA to deliver quotes for the covered PE area at the next board meeting in October.
- Wes Walker presented the surveillance findings at FCCS, and proposed upgrades at an estimated cost of \$31,439.28.

- The facility update was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Jim Miller and seconded by Tim Weisheyer to approve the surveillance upgrades for FCCS at an estimated cost of \$31,439.28 which will be paid by FCCS, Inc. as discussed at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (3-0)(2-absent).**

#### **IV. CSUSA REPORTS**

##### Year in Review

- Principal Thompson shared the year in review for FCCS. She explained that the school received a C grade for school year 2017-18 with a two-point increase in ELA and Science with the greatest improvements in Science. She also shared the parent and staff survey results with satisfaction above 80%, and a re-enrollment commitment of 89%. As of Tuesday there were currently 1014 students enrolled of a budgeted 999. Ms. Thompson explained that the school had a great school opening day, and that the school is fully staffed. All questions were answered by Ms. Thompson.
- The year in review was part of the agenda and was made a part of these minutes.

#### **V. FINANCIALS**

##### CSUSA – FY2017-18 End of Year Financials

- Debra Leite shared the CSUSA FY2017-18 end of years financials for FCCS. Ms. Leite explained that there was a change to the final FY2017-18 budget to include the charterholder fee of \$480,392 which caused a negative change to the fund balance. All questions were answered by Ms. Leite.
- Tim Weisheyer asked for the Board to be notified of large variances in the school's budget.
- The CSUSA FY2017-18 end of year financials was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Jim Miller and seconded by Tim Weisheyer to approve the CSUSA FY2017-18 end of year financials with the amendment of the charterholder fee of \$480,392 for FCCS as presented at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (3-0)(2-absent).**

##### CSUSA – F 2018-19 Final Budget

- Debra Leite shared the CSUSA FY2018-19 final budget for FCCS, and all questions were answered by Ms. Leite.
- Tim Weisheyer would like to see a comparison of last year's budget to current budget moving forward.
- The CSUSA FY2018-19 final budget was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Jim Miller and seconded by Ricky Booth to approve the CSUSA FY2018-19 final budget for FCCS as presented at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (3-0)(2-absent).**

##### Osceola – Q4 Financials

- Angela Barner presented the 4<sup>th</sup> quarter Osceola School District Financials for FCCS, Inc., and all questions were answered by Ms. Barner.

- The Osceola 4<sup>th</sup> quarter financials was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Tim Weisheyer and seconded by Jim Miller to approve the Osceola 4<sup>th</sup> quarter financials for FCCS, Inc. as presented at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (3-0)(2-absent).**

Osceola – FY2017-18 Feb FTE & End of Year Budget Amendment

- Angela Barner presented the Osceola School District FY2017-18 Feb FTE and end of year budget amendment for FCCS, Inc., and all questions were answered by Ms. Barner.
- The Osceola FY2017-18 Feb FTE and end of year budget amendment was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Tim Weisheyer and seconded by Jim Miller to approve the Osceola FY2017-18 Feb FTE and end of year budget amendment for FCCS, Inc. as presented at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (3-0)(2-absent).**

Osceola – FY2018-19 Final Budget

- Angela Barner presented the Osceola School District FY2018-19 final budget for FCCS, Inc., and all questions were answered by Ms. Barner.
- Ms. Barner informed that Board that the current debt on the building was over 6 million.
- The Osceola FY2018-19 final budget was part of the agenda and was made a part of these minutes.

**MOTION: Motion was made by Tim Weisheyer and seconded by Jim Miller to approve the Osceola FY2018-19 final budget for FCCS, Inc. as presented at the Four Corners Charter School, Inc. Board Meeting. Motion was approved unanimously. (3-0)(2-absent).**

**VI. PUBLIC COMMENTS**

- There were no public comments.

**VII. ADJOURNMENT**

**Chairman, Ricky Booth adjourned the Four Corners Charter School, Inc. Board Special Meeting at 3:35 p.m. August 21, 2018.**

---

Ricky Booth, Chairman

Date: \_\_\_\_\_

# Section Cover Page



## II. NEW BUSINESS

**Approval of ESOL/Out of Field Waivers**  
**Approval of Best and Brightest**

- Informational**
- For Discussion**
- For Action**

**Notes:**

## Out of Field Report

Charter School Name
Four Corners Charter School
Board Meeting Date
October 2, 2018

Teacher	Out-of-Field Assignment	Current Certification(s)	Out of Field Assignment Date
Apgar, Codi	ESOL	Elementary Education (Grades K-6)	8/1/2016
Ausua, Carol	ESOL	Elementary Education (Grades K-6)	8/10/2017
Banchs, Lilian	ESOL	Permanent Substitute	8/10/2017
Barbosa, Marilda	ESOL	Permanent Substitute	8/10/2017
Betts, Marie	ESOL	Temp. Cert. Elem. Education (Grades K-6)08/03/2015	8/3/2015
Brown, Terria	ESOL	Temp. Cert. Elem. Education (Grades K-6)08/03/2015	8/3/2015
Bultron, Gabriela	ESOL	Permanent Substitute	8/10/2017
Calhoun, Curtis	ESOL	Permanent Substitute	8/10/2017
Carter, Deborah	ESOL	Temp. Cert. Elem. Education (Grades K-6)	10/5/2015
Casiani, Liz	ESOL	Permanent Substitute	7/30/2018
Casillo, Kimberly	ESOL	Permanent Substitute	8/10/2017
Castellanos, Francis	ESOL	Elementary Education (Grades K-6)	7/30/2018
Dettloff, Kortney	ESOL	Permanent Substitute	8/10/2017
Detres, Cindy	ESOL	Permanent Substitute	8/10/2017
DuPont, Erica	ESOL	Prof. Cert. Elementary Ed. (K-6)	7/25/2016
Haigh, Alissa	ESOL	Permanent Substitute	8/10/2017
Haynes, Shanavia	ESOL	Permanent Substitute	8/13/2018
Lamar, Shameka	ESOL	Permanent Substitute	8/6/2018
Levels, Patrice	ESOL	Permanent Substitute	9/27/2017
Levine, Briana	ESOL	Elementary Education (Grades K-6)	7/25/2016
Lindsey, Mary	ESOL	Permanent Substitute	8/13/2018
Luna, Martha	ESOL	Elementary Education (Grades K-6)	4/4/2016
Marchese, Emily	ESOL	Elementary Education (Grades K-6)	9/6/2016
Mike, Samuel	ESOL	Permanent Substitute	1/29/2018
Morales, Yesenia	ESOL	Permanent Substitute	8/10/2017
Mortimer, Tameka	ESOL	Elementary Education (Grades K-6)	7/30/2018
Morse, Marni	ESOL	Elementary Education (Grades K-6)	7/30/2018
Natson-Level, Partice	ESOL	Permanent Substitute	9/27/2017
Nazario, Zena	ESOL	Permanent Substitute	8/10/2017
Nickless, Annabell	ESOL	Permanent Substitute	8/10/2017

Novoa, Farah	ESOL	Permanent Substitute	8/10/2017
Octive, Christina	ESOL	Temp. Cert. Pre-Kindr/Primary Ed	7/1/2013
Perez, Joselyn	ESOL	Permanent Substitute	9/1/2018
Phillips, Alisha	ESOL	Elementary Education (Grades K-6)	8/6/2018
Ramos, Lillianette	ESOL	Permanent Substitute	12/1/2017
Rodriguez, Amy	ESOL	Elementary Education (Grades K-6)	8/8/2018
Rodriguez, Evy	ESOL	Elementary Education (Grades K-6)	7/25/2016
Seward, Stacey	ESOL	Elementary Education (Grades K-6)	7/30/2018
Sharperson, Shana	ESOL	Permanent Substitute	8/16/2018
Shelton, Steven	ESOL	Elementary Education (Grades K-6)	7/21/2015
Shepperd, Hayley	ESOL	Prof. Cert. Physical Ed. (K-12)	10/13/2012
Smith, Arthur	ESOL	Permanent Substitute	8/10/2017
Sullivan, Daniel	ESOL	Elementary Education (Grades K-6)	8/6/2018
Swartwood, Sean	ESOL	Temp. Cert. Elem. Education (Grades K-6)	7/27/2017
Velasquez, Eloisa	ESOL	Permanent Substitute	9/4/2017
Wyllie, Elisha	ESOL	Permanent Substitute	8/8/2018

# FCCS Best & Brightest 2018-19

*Below is the list of teachers at FCCS who preliminarily qualify for the Best and Brightest award for the 2018-19 school year (based on 2017-18 performance evaluations). These teachers may still have additional requirements to meet to fully qualify for award money.*

## Highly Effective - \$1200

Codi	Apgar
Ann E	Berner
Marie	Betts
<b>Kirstin</b>	<b>Faughn*</b>
Kimberley	Gosy
Katie	Hardgrove
Chiara J	Haynes
Lindsay	Hiltunen
Emily	Marchese
Daria	Muniz
Nelrose	Stewart
Phyllis	Thibault

## Effective - \$800

Carol	Ausua
Carmen	Bauschke
Shontel	Camacho
Erica	DuPont
Bonnie	Lee
Briana	Levine
Martha	Luna Rodriguez
Patricia	Mitchell
Christina	Octive
Katrice	Pendergraph
Evy	Rodriguez
Steven	Shelton
Hayley	Shepperd
Paul	Smith
Sean	Swartwood
Emmanuelle	Vil

**\*qualifies for the Highest Award Level - \$7200**

# Section Cover Page



## III. OLD BUSINESS

### Covered PE Area Update

- Informational
- For Discussion
- For Action

Notes:

Angela,

As requested, a revised estimate for the FCCS Covered PE Structure is provided below:

- Previous estimate (2-13-18): \$583,234
- Current estimate (9-12-18): **\$648,651**
- Cost Increase: \$65,417

Cost Increase Items:

- General Conditions: \$24,506 (Was not previously included)
- CM Fee: \$15,754 (Was not previously included)
- Additional Project Reserve: \$25,157 (Proportionate to project unknowns)

ADD Alternates

Add to increase footing size to 12' x 12' x 3' = \$19,000 (3-foot auger footings previously assumed and included)

Add for fire sprinkler system = \$34,650

Add for fire alarm system = \$41,580

Add for LED Lighting = \$27,720

The \$648,651 project cost DOES NOT include any Add Alternates. A design will need to be completed in order to determine if any of these will be required

Exclusions

1. Excludes concrete slab repair or play court surfacing
2. Excludes paint at concrete slab or sealer other than areas where new concrete is placed
3. Excludes plumbing of any kind
4. Excludes any lighting or electrical devices, switches or power receptacles
5. Excludes any cameras or mounting of Owner furnished camera
6. Excludes all Wifi antenna or Ethernet cabling, connection or receptors
7. Excludes premium paint or colors at roof metal
8. Excludes sod or landscaping (other than disturbed areas for roof drainage system)
9. Excludes market escalation
10. Excludes unforeseen conditions

Lead times for Pre-engineered metal buildings have substantially increased since our original estimate provided on March 8, 2018. Lead times are ranging 4 to 6 months.

Staff resources within the SDOC Facilities Department is very limited at this time. As such, we are no longer taking on any additional projects for Summer 2019 completions. Scheduling of this project would have to be discussed should FCCS wish to have SDOC perform this project.

Facilities staff will be present at the 10-2-18 FCCS Board Meeting to answer questions.

Marc Clinch  
Chief Facilities Officer, Facilities Services  
School District of Osceola County, FL  
Office: 407-518-2964 ext. 65405  
[clinchma@osceola.k12.fl.us](mailto:clinchma@osceola.k12.fl.us)

# Section Cover Page



## IV. CSUSA REPORTS

### FCCS School Strategic Initiatives FCCS School Report

- Informational
- For Discussion
- For Action

**Notes:**



## **Initiatives**

- Ensure high levels of literacy across elementary grades through the use of Lexia and I-Ready. Tutoring will be implemented earlier and targeted instruction based on standard deficits. ELA PLC's to assist with building teacher instructional differentiation.
- Ensuring high levels of mathematics achievement for all students through the use of I-Ready, math application and journaling. Targeted small groups and differentiation based on deficient skill areas and domains.
- Ensure high levels of science achievement for all students through the implementation of a new curriculum with resources to target standards based areas of weakness.
- Improve parent/teacher survey percentages by increasing our parent involvement and communication. Create more community activities for positive school reputation.

# FCCS Enrollment Data

9/27/2018  
 2018-2019 Enrollment Summary Report

		Target Enrollment	Recommit Count (Rate)	New Enrollees	Available -	Wait List
CSUSA		1,058	657 (82%)	341	-57	0
FCCS	Total	1,058	657 (82%)	341	-57	0
	1100					
	K	155	4 ()	140	-11	0
	1	203	116 (82%)	36	-51	0
	2	175	155 (84%)	38	18	0
	3	175	141 (85%)	46	13	0
	4	175	118 (76%)	43	-13	0
5	175	123 (79%)	38	-13	0	

# Section Cover Page



## V. FINANCIALS

Osceola – Audits for FCCS/FCCS Inc.

- Informational
- For Discussion
- For Action

Notes:

**FOUR CORNERS  
CHARTER SCHOOL  
(A division of Four Corners  
Charter School, Inc.)**

**Basic Financial Statements and  
Supplemental Information**

**June 30, 2018**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Assets and Liabilities – Agency Fund	15
Notes to Financial Statements	16 - 27
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	28
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Capital Outlay Fund	29
Note to Required Supplemental Information	30
SUPPLEMENTAL INFORMATION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	31 - 32
MANAGEMENT LETTER	33 - 34
MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES	35



**INDEPENDENT AUDITORS' REPORT**

***Partners***

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

To the Board of Directors  
Four Corners Charter School, Inc.  
Davenport, 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 Four Corners Charter School (the "School"), a division of Four Corners Charter Schools, Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida as of and for the year ended June 30, 2018, 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 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 auditors' 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.

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 411  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of Four Corners Charter School at June 30, 2018, and the results of its operation for the year then ended, and is not intended to be a complete presentation of the Charterholder.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 20, 2018, 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 solely 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 the effectiveness of the School's 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2018

## Management's Discussion and Analysis

As management of Four Corners Charter School (the "School"), a division of Four Corners Charter School, Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2018 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the financial statements starting on page 9.

### Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,112,663 (net position).
- The School's total net position decreased by \$397,988.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$748,872, a decrease of \$364,220 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$653,993.

### 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 have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide 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.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal 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 funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself. The School is a division of the Charterholder which is a component unit of the School Board of Osceola County, Florida. The School Board of Osceola County, Florida includes the operations of the Charterholder in its operational results.

The government-wide financial statements can be found on pages 9 - 10 of this report.

**Fund 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital outlay fund, both of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the School. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School's own programs.

The basic fiduciary fund financial statement can be found on page 15 of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and the notes to these statements have been provided to demonstrate compliance with the budget and can be found on pages 28 through 30 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 16 of this report.

### Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, for the years ended June 30, 2018 and 2017, assets exceeded liabilities by \$1,112,663 and \$1,510,651 (net position), respectively.

The largest portion of the School's net position is the unrestricted portion. This amount consists primarily of the cash and amounts due from the Charterholder. Another portion of the School's net position reflects its net investment in capital assets (e.g., furniture, fixtures and equipment, improvements other than buildings, information technology equipment, computer software, and audio visual equipment). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A condensed statement of net position and the statement of activities are provided below.

	<b>Governmental Activities</b>		
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>Variance</b>
<b>ASSETS</b>			
Current and other assets	\$ 1,161,874	\$ 1,599,336	\$ (437,462)
Capital assets, net of accumulated depreciation	386,632	426,580	(39,948)
Total assets	1,548,506	2,025,916	(477,410)
<b>LIABILITIES</b>			
Current and other liabilities	413,002	486,244	(73,242)
Noncurrent liabilities	22,841	29,021	(6,180)
Total liabilities	435,843	515,265	(79,422)
<b>NET POSITION</b>			
Invested in capital assets	386,632	426,580	(39,948)
Unrestricted	726,031	1,084,071	(358,040)
Total net position	<u>\$ 1,112,663</u>	<u>\$ 1,510,651</u>	<u>\$ (397,988)</u>

Current assets decreased as a result of the timing of cash on hand and amounts due to management company at year end. The capital assets net of accumulated depreciation decreased due to the addition of depreciation expense recorded on capital assets. Total liabilities decreased at year end as a result of the timing of payments for invoices.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Variance</b>
Revenues:			
Program revenues:			
Charges for services	\$ 112,619	\$ 154,825	\$ (42,206)
Operating grants and contributions	67,835	90,010	(22,175)
Capital grants and contributions	260,328	281,304	(20,976)
General revenues:			
State passed through local school district	6,734,518	6,625,780	108,738
Other revenues	14,897	189,888	(174,991)
Total revenues	<u>7,190,197</u>	<u>7,341,807</u>	<u>(151,610)</u>
Expenses:			
Basic instruction	3,200,626	3,059,194	(141,432)
Exceptional instruction	62,811	43,234	(19,577)
Guidance services	342	684	342
Health services	35,071	37,426	2,355
Other pupil services	121,593	197,122	75,529
Curriculum development	148	11,321	11,173
Staff development	2,004	2,042	38
Instruction related technology	129,062	115,773	(13,289)
Board of directors	24,081	16,146	(7,935)
School administration	507,449	405,709	(101,740)
Fiscal services	1,000,416	986,577	(13,839)
Food services	187	-	(187)
Central services	8,079	4,078	(4,001)
Transportation	167,806	193,054	25,248
Operation of plant	1,824,282	1,858,645	34,363
Maintenance of plant	416,490	357,889	(58,601)
Community service	87,738	77,306	(10,432)
Total expenses	<u>7,588,185</u>	<u>7,366,200</u>	<u>(221,985)</u>
Change in net position	(397,988)	(24,393)	(373,595)
Net position - beginning	1,510,651	1,535,044	(24,393)
Net position - ending	<u>\$ 1,112,663</u>	<u>\$ 1,510,651</u>	<u>\$ (397,988)</u>

The increase to state passed through local school district revenues resulted from an increase in full time equivalent students during the current year. The decrease to other revenues is due to a contribution from the Charterholder for purchases of equipment in the prior year. The increase in basic instruction expense is a result of increased personnel expenses due to the enrollment increase. The increase in school administration expenses is related to the increase in number of administration and leadership employees during the current year.

## **Financial Analysis of the Government's Funds**

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

As of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$748,872.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned balance of the general fund was \$653,993.

The combined ending fund balance of the School's general fund decreased by \$364,220 during the current fiscal year.

## **General Fund Budgetary Highlights**

Actual revenues were less than originally budgeted revenues as enrollment goals were not achieved, although, FTE count increased from 993 to 999. The purchase of equipment caused fixed capital outlay to exceed the original budget by approximately \$28,000, which was offset by savings in administrative service expense. Overall the School ended the year with a change in fund balance of approximately \$714,000 less than originally budgeted. The Board of Directors approved a motion to adjust the 2018 general fund budget to the actual 2018 general fund year-end financials. Thus, the final approved general fund budget is equal to the general fund statements of revenues, expenditures, and changes in fund balances. The budgetary information can be found on pages 28 through 30 of this report.

## **Capital Asset Administration**

**Capital Assets.** The School's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$386,632 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment, improvements other than buildings, information technology equipment, computer software, and audio visual equipment. Additional information on the School's capital assets can be found in Note C.

## **Economic Factors and Next Year's Budget**

In fiscal year 2018, the State of Florida increased its Florida Education Finance Program funding by approximately 1%. The capital outlay funding pool initially decreased from \$75 million to \$50 million, however it was later revised to \$91 million as a consequence of House Bill 7069. A 2% merit increase was also paid out to eligible staff.

For fiscal year 2019, capital outlay revenue was assumed at \$567 per student which includes the additional funds associated with House Bill 7055. The budgets reflect the Florida Education Finance Program funding increase of approximately 1%.

A 2% merit increase for all staff was budgeted as well as safety initiatives for security resource officers. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives

### **Request for Information**

This financial report is designed to provide a general overview of Four Corners Charter School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Hillary Daigle, Vice President of Finance, Charter Schools USA, 800 Corporate Dr., Suite 700, Fort Lauderdale, FL 33334.

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**STATEMENT OF NET POSITION**

**June 30, 2018**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 29,197
Due from charterholder	335,510
Accounts receivable	397,450
Due from management company	304,838
Deposits	14,249
Prepaid expense	80,630
Total current assets	1,161,874
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	223,615
Improvements other than buildings	36,686
IT equipment	126,331
Total capital assets	386,632
Total assets	1,548,506
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	34,322
Due to other agencies	542
Accrued payroll and other expenses	378,138
Total current liabilities	413,002
<b>LONG-TERM LIABILITIES</b>	
Compensated absences payable - due within one year	17,131
Compensated absences payable - due in more than one year	5,710
Total liabilities	435,843
<b>NET POSITION</b>	
Net investment in capital assets	386,632
Unrestricted	726,031
Total net position	\$ 1,112,663

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

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 3,200,626	\$ -	\$ -	\$ -	\$ (3,200,626)
Exceptional instruction	62,811	-	-	-	(62,811)
Guidance services	342	-	-	-	(342)
Health services	35,071	-	-	-	(35,071)
Other pupil services	121,593	-	-	-	(121,593)
Curriculum development	148	-	-	-	(148)
Staff development	2,004	-	-	-	(2,004)
Instruction related technology	129,062	-	-	-	(129,062)
Board of directors	24,081	-	-	-	(24,081)
School administration	507,449	-	-	-	(507,449)
Fiscal services	1,000,416	-	-	-	(1,000,416)
Food services	187	-	-	-	(187)
Central services	8,079	-	-	-	(8,079)
Transportation	167,806	-	-	-	(167,806)
Operation of plant	1,824,282	-	67,835	260,328	(1,496,119)
Maintenance of plant	416,490	-	-	-	(416,490)
Community service	87,738	112,619	-	-	24,881
Total governmental activities	<u>\$ 7,588,185</u>	<u>\$ 112,619</u>	<u>\$ 67,835</u>	<u>\$ 260,328</u>	<u>\$ (7,147,403)</u>
General revenues:					
					6,734,518
					14,897
					<u>6,749,415</u>
					(397,988)
					<u>1,510,651</u>
					<u>\$ 1,112,663</u>

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

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2018**

	General Fund	Capital Outlay Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 29,197	\$ -	\$ 29,197
Due from charterholder	320,339	15,171	335,510
Accounts receivable	397,450	-	397,450
Due from other funds	15,171	-	15,171
Due from management company	304,838	-	304,838
Deposits	14,249	-	14,249
Prepaid expense	80,630	-	80,630
Total assets	\$ 1,161,874	\$ 15,171	\$ 1,177,045
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 15,171	\$ 15,171
Due to other agencies	542	-	542
Accounts payable	34,322	-	34,322
Accrued payroll and other expenses	378,138	-	378,138
Total liabilities	413,002	15,171	428,173
<b>FUND BALANCES</b>			
Nonspendable			
Deposits	14,249	-	14,249
Prepaid expense	80,630	-	80,630
Unassigned	653,993	-	653,993
Total fund balances	748,872	-	748,872
Total liabilities and fund balances	\$ 1,161,874	\$ 15,171	\$ 1,177,045

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

**Four Corner Charter School**  
**(A division of Four Corners Charter School, Inc.)**

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

**June 30, 2018**

Fund balances - total governmental funds	\$ 748,872
The net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:	
Furniture, fixtures and equipment, net	\$ 223,615
Improvements other than buildings, net	36,686
IT equipment, net	<u>126,331</u>
Total capital assets	386,632
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(22,841)</u>
Total net position of governmental activities	<u><u>\$ 1,112,663</u></u>

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

**Four Corner Charter School**  
**(A division of Four Corners Charter School, Inc.)**

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

**Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
State passed through local school district	\$ 6,734,518	\$ 184,010	\$ 6,918,528
Other revenues	195,351	-	195,351
Local sources	-	76,318	76,318
Total revenues	<u>6,929,869</u>	<u>260,328</u>	<u>7,190,197</u>
<b>Expenditures</b>			
<b>Current:</b>			
Basic instruction	3,018,796	-	3,018,796
Exceptional instruction	62,811	-	62,811
Guidance services	342	-	342
Health services	35,071	-	35,071
Other pupil services	121,593	-	121,593
Curriculum development	148	-	148
Staff development	2,004	-	2,004
Instruction related technology	129,062	-	129,062
Board of directors	24,081	-	24,081
School administration	507,448	-	507,448
Fiscal services	1,000,416	-	1,000,416
Food services	187	-	187
Central services	8,079	-	8,079
Transportation	167,806	-	167,806
Operation of plant	1,555,351	260,328	1,815,679
Maintenance of plant	416,490	-	416,490
Community services	87,738	-	87,738
Fixed capital outlay	156,666	-	156,666
Total expenditures	<u>7,294,089</u>	<u>260,328</u>	<u>7,554,417</u>
Net change in fund balances	(364,220)	-	(364,220)
Fund balances at July 1, 2017	<u>1,113,092</u>	-	<u>1,113,092</u>
Fund balances at June 30, 2018	<u>\$ 748,872</u>	<u>\$ -</u>	<u>\$ 748,872</u>

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

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

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

**Year Ended June 30, 2018**

Net change in fund balances - total government funds \$ (364,220)

The change in net assets reported for governmental activities  
in the statement of activities is different because:

Governmental funds report fixed 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.

Total fixed capital outlay	\$ 156,666	
Less: depreciation	<u>(196,614)</u>	(39,948)

Long-term liabilities are not due and payable in the current period and  
therefore are not reported in funds. Those liabilities consist of:

Accrued compensation		<u>6,180</u>
----------------------	--	--------------

Change in net position of governmental activities		<u><u>\$ (397,988)</u></u>
---	--	----------------------------

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

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND**

**June 30, 2018**

	<u>Internal Fund</u>
<b>ASSETS</b>	
Cash	\$ 87,896
Total assets	<u>\$ 87,896</u>
<b>LIABILITIES</b>	
Due to students	\$ 87,896
Total liabilities	<u>\$ 87,896</u>

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

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Four Corners Charter School, (the "School"), is a division of Four Corners Charter School, Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida, 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's Board of Directors, which is comprised of five members. The financial information presented in these financial statements is only that of the School.

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 School Board of Osceola County, Florida (the "District"). The current charter is effective until June 30, 2031 and may be extended for an additional two years upon approval of the District. 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 that case, the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the District. The School is considered to be part of the Charterholder, which is a component unit of the District.

The School's entire workforce is provided by the management company; therefore, all employee benefits are provided by the management company.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only the governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School reports the general fund and capital outlay fund as its major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by The School District of Osceola County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Additionally, the School reports the following fiduciary fund type:

Agency Fund - the internal activity fund, which accounts for the student activities, fundraisers, and other monies collected and maintained on behalf of the students at the School. Fiduciary funds are not included in the government wide financial statements.

Agency (fiduciary) funds are purely custodial in nature (assets equal liabilities) and as such do not have a measurement focus. Agency funds use the accrual basis of accounting to recognize receivables and payables.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. Receivables

The School's receivables consist primarily of other third party amounts and amounts due from the Charterholder. The School's management determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid expenses in both the government-wide and fund financial statements.

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an individual cost of more than \$750 or a total invoice cost of greater than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (years)</u>
Furniture, fixtures and equipment	5
Improvements other than buildings	5-10
IT equipment	3
Computer software	3
Audio visual equipment	5

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

8. Accrued compensated absences

The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from services. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

9. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Charterholder and then to the School pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

10. Income taxes

The School is a component unit of the Charterholder, which is a component unit of the School Board of Osceola County, Florida and therefore as a government is not required to file an income tax return.

11. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

12. Excess of expenditure over appropriations

Florida Education Finance Program (FEFP) and other federal and state funds are forwarded to the management company for use in school operations. The Charterholder does not reimburse the management company for expenditures incurred in excess of revenue received, unless a budgeted deficit is approved by the Board. Any amounts in excess of the approved budget are considered to be contributed by the management company. As of June 30, 2018, no contributions were recognized by the School from the management company.

13. Fund balance classification

The School follows Government Accounting Standard ("GASB") No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

Assigned: This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Unassigned: This classification includes amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

13. Fund balance classification (continued)

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, and then assigned funds and lastly unassigned funds.

14. Recent accounting pronouncements

In June 2017, the GASB issued Accounting Standards Updated (ASU) No. 87, *Leases*, which will require lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The new guidance is effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. The School is evaluating the potential effect ASU No. 87 will have on its financial statements.

**NOTE B - CASH**

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity. At June 30, 2018, the School's cash balance was not in excess of FDIC coverage.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE C - CAPITAL ASSETS**

Changes in capital assets were as follows for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 1,339,421	\$ 39,941	\$ -	\$ 1,379,362
Improvements other than buildings	82,930	7,425	-	90,355
IT equipment	1,012,039	109,300	-	1,121,339
Computer software	80,682	-	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total assets depreciated	<u>2,516,627</u>	<u>\$ 156,666</u>	<u>\$ -</u>	<u>2,673,293</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	1,088,409	\$ 67,338	\$ -	1,155,747
Improvements other than buildings	45,065	8,604	-	53,669
IT equipment	875,007	120,001	-	995,008
Computer software	80,011	671	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total accumulated depreciation	<u>2,090,047</u>	<u>\$ 196,614</u>	<u>\$ -</u>	<u>2,286,661</u>
Total governmental activities capital assets, net	<u>\$ 426,580</u>			<u>\$ 386,632</u>

Depreciation expense for the year ended June 30, 2018 was charged to functions of the School as follows:

Basic instruction	\$ 188,010
Operation of plant	<u>8,604</u>
	<u>\$ 196,614</u>

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE D - LONG-TERM LIABILITIES**

Changes in long-term liabilities:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Due within one year
Accrued compensation	\$ 29,021	\$ 9,920	\$ (16,100)	\$ 22,841	\$ 17,131
Total long-term liabilities	<u>\$ 29,021</u>	<u>\$ 9,920</u>	<u>\$ (16,100)</u>	<u>\$ 22,841</u>	<u>\$ 17,131</u>

**NOTE E - CONCENTRATIONS**

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School Board of Osceola County:	
Base funding	\$ 4,496,111
Class size reduction	1,268,803
Supplemental academic instruction	217,162
Discretionary millage compression allocation	222,749
Instructional materials	86,854
Exceptional student education guaranteed allocation	73,401
Safe schools	16,548
Discretionary lottery	1,764
Digital classroom allocation	22,992
Proration to funds available	(718)
Reading allocation	43,799
Discretionary local effort	264,449
Prior year funding adjustment	11,118
Florida teacher lead program	9,486
Subtotal	<u>6,734,518</u>
Capital outlay funds	<u>260,328</u>
Total School Board of Osceola County, Florida	6,994,846
Community service fee	112,619
Other revenues	<u>82,732</u>
	<u>\$ 7,190,197</u>

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE E - CONCENTRATIONS (continued)**

The administration fee paid to the District during the year ended June 30, 2018 totaled approximately \$84,532 and is reflected as a general administration expense/expenditure in the accompanying financial statements.

**NOTE F - COMMITMENTS AND CONTINGENCIES**

1. Management service contract

On June 23, 2015, the School extended its management agreement, which originally commenced on July 1, 2006. The extension is for a term of five years commencing on July 1, 2015. The contract terminates the earlier of June 30, 2020 or the termination date of the charter if the District chooses to terminate or not to renew.

The management company will manage and operate the School during the term of the agreement. The management company is guaranteed a fee of \$500,000 plus contingent incentive fees. The incentive fees are calculated as the difference between the guaranteed fee and 13% of FEFP operational revenues, and subject to performance requirements detailed in the management agreement. Current year management fees charged to operations totaled \$516,608. The management company may earn an additional incentive fee of 2% of FEFP operational revenues in the event the School attains or maintains a High Performing Charter School as designated by Florida statutes. Any unearned incentive fees will be retained by the Charterholder. Unearned incentive management fees totaling \$480,392 were retained by the Charterholder for the year ended June 30, 2018.

2. Facilities sub-lease

The real property, buildings, and other assets, which comprise the School's facilities, are owned by the District. Construction of the buildings was financed by the issuance of \$8,315,000 principal amount of Certificates of Participation, Series 2000A and \$6,385,000 principal amount of Certificates of Participation, Series 2000B (the "Certificates"), which are obligations of the District.

On April 19, 2005, the District issued \$12,095,000 principal amount of Certificates of Participation, Series 2005. The proceeds were used to refund a portion of the outstanding Series 2000 Certificates maturing on and after August 1, 2011 (the "Refunded Certificates") and, therefore, refinanced a portion of the cost of the acquisition, construction and equipment of facilities and reduced the corresponding basic lease payments due under the lease.

On August 7, 2015, the District issued \$8,310,000 principal amount of Certificates of Participation, Series 2015. The proceeds were used to refund the outstanding Series 2005 Certificates maturing on or after February 2016. The Series 2015 Certificates were issued to reduce the basic lease payments due under the lease and mature in August 2024.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE F - COMMITMENTS AND CONTINGENCIES (continued)**

2. Facilities sub-lease (continued)

The School is entitled to use the facilities under a sub-lease agreement with the District that requires annual payments in amounts equal to the annual debt service payments on the Certificates. Such annual payments range from \$1,035,651 to \$1,045,730 for the School. At the end of the term of the charter including renewals, if any, possession of the School facilities will revert to the District which will be liable for all future payments.

Current year facilities expense charged to operations totaled \$1,061,168. This amount is included in the "Operation of plant" functional expense category on the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances. A portion of the facility use fee in the amount of \$260,328 was reimbursed through capital outlay funds.

Aggregate remaining rental commitments, including all extensions, under this sub-lease agreement are summarized as follows at June 30:

2019	\$ 1,035,140
2020	1,036,577
2021	1,037,346
2022	1,037,448
2023	1,036,883
2024-2025	<u>2,074,335</u>
	<u>\$ 7,257,729</u>

**NOTE G - RELATED PARTIES**

1. Due from / (due to) management company

The School has entered into an agreement with a management company for professional services. Under terms of the agreement, the management company will manage and operate the School (See Note F-1). The management company charges the School for certain expenses paid on behalf of the School and for any operating advances. In addition, the School is required to pay a guaranteed fee and a contingent incentive fee when certain criteria are met. As of June 30, 2018, the School's balance sheet reflects a receivable due from the management company in the amount of \$304,838.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE G - RELATED PARTIES (continued)**

2. Due from / (due to) charterholder

All monies received by revenue, grants and revenue allocations are initially deposited with the Charterholder. The Charterholder retains funds in order to pay for certain operating expenses such as lease payments, long term maintenance of the facility, transportation costs, and management fees. At June 30, 2018, the balance sheet reflects a receivable due from Charterholder in the amount of \$335,510.

**NOTE H - RISK MANAGEMENT**

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 for which the School carries commercial insurance. Under the plan for property insurance, the School's liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2018. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**NOTE I - SUBSEQUENT EVENTS**

The School has evaluated subsequent events through September 20, 2018, the date which the financial statements were available for issuance.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

**Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
State sources	\$ 6,977,135	\$ 6,734,518	\$ 6,734,518	\$ -
Local sources	510,292	195,351	195,351	-
Total revenues	7,487,427	6,929,869	6,929,869	-
Expenditures				
Instruction				
Basic instruction	3,180,000	3,018,796	3,018,796	-
Exceptional instruction	72,022	62,811	62,811	-
Instruction support service				
Pupil personnel services	292,869	157,154	157,154	-
Instruction related technology	136,920	129,062	129,062	-
Instructional staff training services	4,237	2,004	2,004	-
Administrative services	721,950	507,448	507,448	-
Transportation	50,022	167,806	167,806	-
Plant operations and maintenance	1,946,150	1,971,841	1,971,841	-
Operations of noninstructional services				
Board services	13,484	24,081	24,081	-
Fiscal services	508,748	1,000,416	1,000,416	-
Food services	-	187	187	-
Central services	15,929	8,079	8,079	-
Community services	66,337	87,738	87,738	-
Fixed capital outlay	128,150	156,666	156,666	-
Total expenditures	7,136,818	7,294,089	7,294,089	-
Excess of revenue over (under) expenditures	350,609	(364,220)	(364,220)	-
Fund balance at July 1, 2017	1,113,092	1,113,092	1,113,092	-
Fund balance at June 30, 2018	\$ 1,463,701	\$ 748,872	\$ 748,872	\$ -

See accompanying note to required supplemental information.

**Four Corners Charter School**  
**(A division of Four Corners Charter School, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

**Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Charter capital funding	\$ 297,088	\$ 297,088	\$ 260,328	\$ (36,760)
Expenditures				
Operation of plant	297,088	297,088	260,328	36,760
Net change in fund balances	-	-	-	-
Fund balance at July 1, 2017	-	-	-	-
Fund balance at June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

**Four Corners Charter School  
(A division of Four Corners Charter School, Inc.)**

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2018**

**NOTE A - BUDGETARY INFORMATION**

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

## **SUPPLEMENTAL INFORMATION**



**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**

**Partners**

- W. Ed Moss, Jr.
- Joe M. Krusick
- Cori G. Cameron
- Bob P. Marchewka
- Ric Perez
- James R. Dexter
- Thomas F. Regan
- Ernie R. Janvrin
- Paul F. Smyth
- Darby M. Hauck

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 411  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

To the Board of Directors  
Four Corners Charter School, Inc.  
Davenport, 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 Four Corners Charter School (the "School"), a division of Four Corners Charter School, Inc. (the "Charterholder"), which is a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2018, 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 20, 2018.

**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 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 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2018



**MANAGEMENT LETTER**

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 411  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

To the Board of Directors  
Four Corners Charter School, Inc.  
Davenport, Florida

**Report on the Financial Statements**

We have audited the financial statements of Four Corners Charter School (the "School"), a division of Four Corners Charter School, Inc. (the "Charterholder"), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 20, 2018.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Reporting Requirements**

We have issued our Independent Auditors' 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 20, 2018, 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. In connection with our audit, the School did not have prior year findings.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the school is *Four Corners Charter School*, a division of Four Corners Charter School, Inc., which 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.

**Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Four Corners Charter 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 review of financial information provided by same.

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

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

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

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2018

## **MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES**

For the year ended June 30, 2018, there were no management findings, recommendations and responses.

**FOUR CORNERS  
CHARTER SCHOOL, INC.**

**Basic Financial Statements and  
Supplemental Information**

**June 30, 2018**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 7
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 - 24
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	25
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	26
Note to Required Supplemental Information	27
SUPPLEMENTAL INFORMATION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	28 - 29
MANAGEMENT LETTER	30 - 31
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	32



**INDEPENDENT AUDITORS' REPORT**

***Partners***

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

To the Board of Directors  
Four Corners Charter School, Inc.  
Kissimmee, 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 Four Corners Charter School, Inc. (the "Corporation") a component unit of the School Board of Osceola County, Florida as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 411  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

## **Opinion**

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 Four Corners Charter School, Inc. as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 25-27, 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 20, 2018 on our consideration of the Corporation'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 the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2018

## Management's Discussion and Analysis

As management of Four Corners Charter School, Inc. (the "Corporation"), a component unit of the School Board of Osceola County, Florida, we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended June 30, 2018 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Corporation's financial activities, (c) identify changes in the Corporation's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the financial statements starting on page 8.

### Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$5,408,963.
- The Corporation's total net position decreased by \$349,648.
- As of the close of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances \$4,300,373.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,190,135.

### Overview of the Financial Statements

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

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Corporation'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 Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net position changed during the most recent fiscal 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 funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, general administration, and facilities are examples of the Corporation's governmental activities.

The government-wide financial statements include the accounts of the Corporation and those of Four Corners Charter School (the "School"), which is a division of the Corporation. All intercompany accounts and transactions have been eliminated. The Corporation is a component unit of the School Board of Osceola County, Florida.

The government-wide financial statements can be found on pages 8 - 9 of this report.

**Fund financial statements.** A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the Corporation are presented in governmental funds only.

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

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

The Corporation maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances. The general fund and capital outlay fund are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

The Corporation adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found on pages 25 through 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

## Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$5,408,963 at the close of the most recent fiscal year.

The largest portion of the Corporation's net position is the unrestricted portion. Another portion of the Corporation's net position reflects its net investment in capital assets (e.g. furniture, fixtures and equipment; school bus; improvements other than buildings; leasehold improvements; IT equipment; and software). The Corporation uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The net investment in capital assets totaled \$1,108,590 at June 30, 2018.

Comparison of the condensed statement of net position and the statement of activities are provided below:

### Statement of Net Position

	Governmental Activities		
	June 30, 2018	June 30, 2017	Variance
<b>ASSETS</b>			
Current and other assets	\$ 4,736,216	\$ 4,913,520	\$ (177,304)
Capital assets, net of accumulated depreciation	1,108,590	1,373,448	(264,858)
Total assets	5,844,806	6,286,968	(442,162)
<b>LIABILITIES</b>			
Current and other liabilities	435,843	528,357	(92,514)
Total current liabilities	435,843	528,357	(92,514)
<b>NET POSITION</b>			
Invested in capital assets	1,108,590	1,373,448	(264,858)
Unrestricted	4,300,373	4,385,163	(84,790)
Total net position	\$ 5,408,963	\$ 5,758,611	\$ (349,648)

Current assets decreased primarily due to the decrease in cash from operations. The decrease in capital assets is from current year depreciation net of current year additions. The decrease in current and other liabilities is due to the decrease in accounts payable at year end.

## Statement of Activities

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Variance</b>
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 260,328	\$ 281,304	\$ (20,976)
General revenues			
State passed through local school district	6,738,772	6,625,779	112,993
Interest income	3,071	898	2,173
Total revenues	<u>7,002,171</u>	<u>6,907,981</u>	<u>94,190</u>
Expenses:			
Basic instruction	4,702,778	4,458,248	(244,530)
Board of directors	5,420	5,000	(420)
General administration	601,140	768,821	167,681
Facilities	2,022,199	1,291,741	(730,458)
Fiscal services	20,000	-	(20,000)
Transporation	282	-	(282)
Total expenses	<u>7,351,819</u>	<u>6,523,810</u>	<u>(828,009)</u>
Change in net position	(349,648)	384,171	(733,819)
Net position - beginning	5,758,611	5,374,440	384,171
Net position - ending	<u>\$ 5,408,963</u>	<u>\$ 5,758,611</u>	<u>\$ (349,648)</u>

The increase in state pass through local school district revenue resulted from an increase in the number of full time equivalent students (FTE's) at the School. The increase in expenses is primarily the result of increased personnel expenses due to the enrollment increase. The decrease in general administration expense is attributed to cost savings measures. The increase in facilities expense is attributed to the Corporation covering more and increasing its facility expenditures for the School.

### Financial Analysis of the Government's Funds

As noted, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$4,300,373.

The general fund is the main operating fund of the Corporation. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$3,190,135. The combined ending fund balance of the Corporation's general fund decreased by \$84,790 during the current fiscal year.

### **General Fund Budgetary Highlights**

Actual revenues were less than originally budgeted as revenue goals were not achieved, although, FTE count increased. Budgeted general fund expenditures exceeded originally budgeted expenditures by approximately \$174,000 due to the increase in FTE students and related instruction, and to increases in facilities expenses as the Corporation increased its facilities expenditures for the School, which are net of the decrease in administration expense from cost savings. As a result, the budget was amended to actual and the actual decrease in fund balance was \$84,790. The budgetary information can be found on page 25 through 27 of this report.

### **Capital Asset Administration**

**Capital Assets.** The Corporation's investment in capital assets for its governmental type activities as of June 30, 2018, amounts to \$1,108,590 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment, school bus, improvements other than buildings, leasehold improvements, IT equipment, computer equipment and audio visual equipment.

**Economic Factors.** A majority of the Corporation's funding is determined by the number of enrolled students. The Corporation is forecasting enrollment to remain at capacity at approximately 1,085 students for the 2018-19 school year.

### **Request for Information**

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Angela G. Barner, Senior Accountant at the School District of Osceola County, Florida, 817 Bill Beck Boulevard, Kissimmee, Florida, 34744-4495.

**Four Corners Charter School, Inc.**

**STATEMENT OF NET POSITION**

**June 30, 2018**

	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 3,857,653
Accounts receivable	463,675
Due from other agencies	15,171
Due from management company	304,838
Prepaid expenses	80,630
Deposits	14,249
Total current assets	4,736,216
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	223,615
School bus	19,530
Improvements other than buildings	36,686
Leasehold improvements	702,428
IT equipment	126,331
Total capital assets	1,108,590
Total assets	5,844,806
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accrued payroll and other expenses	400,979
Due to agency fund	542
Accounts payable	34,322
Total current liabilities	435,843
<b>NET POSITION</b>	
Net investment in capital assets	1,108,590
Unrestricted	4,300,373
Total net position	\$ 5,408,963

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

Four Corners Charter School, Inc.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 4,702,778	\$ -	\$ -	\$ -	\$ (4,702,778)
Board of directors	5,420	-	-	-	(5,420)
General administration	601,140	-	-	-	(601,140)
Facilities	2,022,199	-	260,328	-	(1,761,871)
Fiscal services	20,000	-	-	-	(20,000)
Transportation	282	-	-	-	(282)
Total governmental activities	<u>\$ 7,351,819</u>	<u>\$ -</u>	<u>\$ 260,328</u>	<u>\$ -</u>	<u>(7,091,491)</u>
General revenues:					
					6,738,772
					3,071
					<u>6,741,843</u>
					(349,648)
					<u>5,758,611</u>
					<u>\$ 5,408,963</u>

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

Four Corners Charter School, Inc.

**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2018

	General Fund	Capital Outlay Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 3,857,653	\$ -	\$ 3,857,653
Accounts receivable	463,675	-	463,675
Due from other agencies	-	15,171	15,171
Due from management company	304,838	-	304,838
Due from capital outlay fund	15,171	-	15,171
Prepaid expenses	80,630	-	80,630
Deposits	14,249	-	14,249
Total assets	<u>\$ 4,736,216</u>	<u>\$ 15,171</u>	<u>\$ 4,751,387</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 34,322	\$ -	\$ 34,322
Due to agency fund	542	-	542
Due to general fund	-	15,171	15,171
Accrued payroll and other expenses	400,979	-	400,979
Total liabilities	<u>435,843</u>	<u>15,171</u>	<u>451,014</u>
 <b>FUND BALANCES</b>			
Assigned	1,110,238	-	1,110,238
Unassigned	3,190,135	-	3,190,135
Total fund balances	<u>4,300,373</u>	<u>-</u>	<u>4,300,373</u>
Total liabilities and fund balances	<u>\$ 4,736,216</u>	<u>\$ 15,171</u>	<u>\$ 4,751,387</u>

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

Four Corner Charter School, Inc.

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

June 30, 2018

Fund balances - total governmental funds \$ 4,300,373

The net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Furniture, fixtures and equipment, net	\$ 223,615	
School bus, net	19,530	
Improvements other than buildings, net	36,686	
Leashold improvements, net	702,428	
IT equipment, net	<u>126,331</u>	
Total capital assets		<u>1,108,590</u>
Total net position of governmental activities		<u>\$ 5,408,963</u>

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

**Four Corners Charter School, Inc.**

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

**Year Ended June 30, 2018**

	General Fund	Capital Outlay Fund	Total Governmental Funds
Revenues			
State passed through local school district	\$ 6,738,772	\$ 260,328	\$ 6,999,100
Other revenues	3,071	-	3,071
Total revenues	6,741,843	260,328	7,002,171
Expenditures			
Current:			
Instruction	4,514,768	-	4,514,768
Board of directors	5,420	-	5,420
General administration	601,140	-	601,140
Facilities	1,788,685	-	1,788,685
Fiscal services	20,000	-	20,000
Transportation	282	-	282
Fixed capital outlay	156,666	-	156,666
Total expenditures	7,086,961	-	7,086,961
Excess (deficiency) of revenues over (under) expenditures	(345,118)	260,328	(84,790)
Other financing sources and (uses)			
Transfer in	260,328	-	260,328
Transfer out	-	(260,328)	(260,328)
Total other financing sources (uses)	260,328	(260,328)	-
Net change in fund balances	(84,790)	-	(84,790)
Fund balances at July 1, 2017	4,385,163	-	4,385,163
Fund balances at June 30, 2018	\$ 4,300,373	\$ -	\$ 4,300,373

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

Four Corners Charter School, Inc.

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

Year Ended June 30, 2018

Net change in fund balances - total government funds		\$	(84,790)
The change in net assets reported for governmental activities in the statement of activities is different because:			
Governmental funds report fixed 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.			
Total fixed capital outlay		\$	156,666
Less: Depreciation			<u>(421,524)</u>
			<u>(264,858)</u>
Change in net position of governmental activities		\$	<u>(349,648)</u>

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

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Four Corners Charter School, Inc. (the "Corporation"), which is a component unit of the School District of Osceola County, Florida 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 Corporation is the Board of Directors, which is comprised of five members.

The Corporation was formed to operate Four Corners Charter School (the "School") in Osceola County, Florida. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under charter of the sponsoring school district, the School District of Osceola County, Florida (the "District"). The current charter is effective until June 30, 2030. 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 this case, the District is required to notify the Corporation in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the Corporation with public funds and any unencumbered public funds revert back to the District. The Corporation is considered a component unit of the School District of Osceola County, Florida.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the Corporation. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Corporation does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, restricted net assets, and unrestricted net assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the Corporation has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the Corporation's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The Corporation reports the general fund and capital outlay fund as its major funds. Reconciliations are provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditure only when payment is due.

The Corporation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Corporation reports the following major governmental funds:

General Fund - the general operating fund of the Corporation and is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with the guidelines established by the District, this fund accounts for all resources for the leasing and acquisition of capital facilities by the Corporation to the extent funded by capital outlay funds.

The Corporation has contracted operations of the School to a commercial management company. The management company accounts for certain school level assets, liabilities, revenues and expenses that are not a part of the Corporation. These items, including the functional classification of expenses, are not reported in the Corporation's financial statements.

4. Cash

The Corporation's cash consists of a checking account held at a financial institution. Deposits are held and maintained by the District. The Corporation does not have any cash equivalents.

5. Interfund receivables, payable and transfers

Interfund receivables and payables represent activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as either due to/from other funds. The capital outlay fund transferred \$260,328 to the general fund for payment of rent expense related to the facilities sub-lease (see Note E-2).

6. Capital assets

Capital assets are reported in the governmental columns on the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial individual cost of more than \$750 or a total invoice cost of greater than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital assets (continued)

Capital assets of the Corporation are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (years)</u>
Furniture, fixtures and equipment	5
School bus	10
Improvements other than building	10
IT equipment	3
Computer software	3
Audio visual equipment	5

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the Corporation's charter agreement with the District. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the schools is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the schools during the designated FTE student survey periods.

The Corporation receives federal awards for the enhancement of various educational programs. The assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

8. Expenses

A commercial management company operates the School pursuant to a long-term contract with the Corporation. The management company is responsible for payment of virtually all operating expenses. Functional details of the Corporation's expenditures have not been presented in the financial statements as they are reported in the School's financial statements.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Income taxes

The Corporation is a component unit of the School Board of Osceola County, Florida and therefore as a government is not required to file an income tax return.

10. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

11. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Corporation is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expense) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the Corporation itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Corporation takes the same highest level action to remove or change the constraint.

For the year ended June 30, 2018, the breakout of the fund balance is shown below:

Assigned fund balance - amounts the Corporation intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The amount assigned by the Board of Directors is made up of the facility use fee \$972,738, as well as \$137,500 set aside each year to facilities and maintenance.

Four Corners Charter School, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

11. Fund balance classification (continued)

Unassigned fund balance - amounts that are available for any purpose. No other fund except the general fund can report positive amounts of unassigned fund balance.

	<u>General Fund</u>
Assigned	
Facilities and maintenance	\$ 137,500
Facilities and fees	972,738
Unassigned	<u>3,190,135</u>
	<u>\$ 4,300,373</u>

The Corporation would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

12. Recent accounting pronouncements

In June 2017, the GASB issued Accounting Standards Updated (ASU) No. 87, *Leases*, which will require lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The new guidance is effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. The Corporation is evaluating the potential effect ASU No. 87 will have on its financial statements.

**NOTE B - CASH**

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. The Corporation does not have a formal policy regarding custodial credit risk. The bank balance of the Corporation's deposits was \$4,192,904 at June 30, 2018. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Corporation pursuant to section 280.08, Florida Statutes.

**Four Corners Charter School, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE C - CAPITAL ASSETS**

Changes in capital assets were as follows for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 1,339,421	\$ 39,941	\$ -	\$ 1,379,362
School bus	55,800	-	-	55,800
Improvements other than building	82,930	7,425	-	90,355
Leasehold improvements	2,193,298	-	-	2,193,298
IT equipment	1,012,039	109,300	-	1,121,339
Computer equipment	80,682	-	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total assets depreciated	<u>4,765,725</u>	<u>\$ 156,666</u>	<u>\$ -</u>	<u>4,922,391</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	1,088,409	\$ 67,338	\$ -	1,155,747
School bus	30,690	5,580	-	36,270
Improvements other than building	45,065	8,604	-	53,669
Leasehold improvements	1,271,540	219,330	-	1,490,870
IT equipment	875,007	120,001	-	995,008
Computer equipment	80,011	671	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total accumulated depreciation	<u>3,392,277</u>	<u>\$ 421,524</u>	<u>\$ -</u>	<u>3,813,801</u>
Total governmental activities capital assets, net	<u>\$ 1,373,448</u>			<u>\$ 1,108,590</u>

Depreciation expense for the year ended June 30, 2018 was charged to functions of the Corporation as follows:

Basic instruction	\$ 188,010
Facilities	<u>233,514</u>
	<u>\$ 421,524</u>

**Four Corners Charter School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE D - CONCENTRATIONS**

Revenue sources

As stated in Note A-7, the Corporation receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School District of Osceola County:	
Base funding	\$ 4,496,111
Class size reduction	1,264,946
Discretionary local effort	264,449
Discretionary millage compression allocation	222,749
Supplemental academic instruction	217,162
Instructional materials	86,854
Exceptional student education guaranteed allocation	73,401
Reading allocation	43,799
Digital classroom allocation	22,992
Safe schools	16,548
Prior year adjustment	11,118
Other state revenue	7,575
Discretionary lottery	1,764
Proration to funds available	(721)
Subtotal	6,728,747
Capital outlay funds	260,328
Florida teacher lead program	10,025
Total School Board of Osceola County, Florida	6,999,100
Interest income	3,071
Total revenues	\$ 7,002,171

**Four Corners Charter School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE E - COMMITMENTS AND CONTINGENCIES**

1. Management service contract

On September 16, 2010, the Corporation entered into a management agreement with a management company to manage the School. The contract terminated on June 30, 2015. A new agreement was signed on June 23, 2015 for a term of five years commencing on July 1, 2015. The contract expires the earlier of June 30, 2020 or the termination date of the charter if the District chooses to early terminate or not to renew when expired.

The management company will manage and operate the School during the term of the agreement and is guaranteed a fee of \$500,000 plus contingent incentive fees. The incentive fees are calculated as the difference between the guaranteed fee and 15% of FEFP operational revenues, and subject to performance requirements as detailed in the management agreement. Current year management fees charged to operations totaled \$516,608.

2. Facilities sub-lease

The real property, buildings, and other assets, which comprise the Corporation's facilities, are owned by the District. Construction of the buildings was financed by the issuance of \$8,315,000 principal amount of Certificates of Participation, Series 2000A and \$6,385,000 principal amount of Certificates of Participation, Series 2000B (the "Certificates"), which are obligations of the District.

On April 19, 2005, the District issued \$12,095,000 principal amount of Certificates of Participation, Series 2005. The proceeds were used to refund a portion of the outstanding Series 2000 Certificates maturing on and after August 1, 2011 (the "Refunded Certificates") and, therefore, refinanced a portion of the cost of the acquisition, construction and equipping of the Series 2000 Facilities and reduced the corresponding basic lease payments due under the lease.

On August 7, 2015, the District issued \$8,310,000 principal amount of Certificates of Participation, Series 2015. The proceeds were used to refund the outstanding Series 2005 Certificates maturing on or after February 2016. The Series 2015 Certificates were issued to reduce the basic lease payments due under the lease and mature in August 2024.

The Corporation is entitled to use the facilities under a sub-lease agreement with the District that requires annual payments in amounts equal to the annual debt service payments on the Certificates. Such annual payments range from \$1,035,651 to \$1,045,730 for the Corporation. At the end of the term of the charter including renewals, if any, possession of the facilities will revert to the District which will be liable for all future payments.

**Four Corners Charter School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE E - COMMITMENTS AND CONTINGENCIES (continued)**

2. Facilities sub-lease (continued)

Current year facilities lease expense charged to operations totaled \$1,061,168. This amount is included in the "Facilities" functional expense category on the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances. A portion of the facility use fee in the amount of \$260,328 was reimbursed through capital outlay funds.

Current aggregate remaining rental commitments, including all extensions, under this sub-lease agreement are summarized as follows at June 30:

2019	\$ 1,035,140
2020	1,036,577
2021	1,037,346
2022	1,037,448
2023	1,036,883
2024-2025	2,074,335
	<u>\$ 7,257,729</u>

**NOTE F - RISK MANAGEMENT**

The Corporation and School are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the liability is \$25,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2018. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**NOTE G - RELATED PARTIES**

1. Due from management company

The Corporation has entered into an agreement with a management company for professional services to manage and operate the School (See Note E-1). All monies received by revenue, grants and revenue allocations are initially deposited with the Corporation. The Corporation retains funds in order to pay for management fees. As of June 30, 2018, the Corporation has an outstanding receivable due from the management company in the amount \$304,838.

**Four Corners Charter School, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**NOTE G - RELATED PARTIES (continued)**

2. Due to school district

All monies received by revenue, grants and revenue allocations are initially deposited with the Corporation. The Corporation retains funds in order to pay for certain operating expenses such as lease payments to the District (see Note E-2). At June 30, 2018, there was no outstanding payable due to the District.

3. Due to Four Corners Charter School

All monies received from revenue, grants and revenue allocations are initially deposited with the Corporation. The Corporation retains funds in order to pay for facility maintenance. At June 30, 2018, the Corporation has a \$335,510 payable due to Four Corners Charter School and Four Corners Charter School has a corresponding receivable due from the Corporation, which are eliminated in the accompanying financial statements.

**NOTE H - SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through September 20, 2018, the date which the financial statements were available for issuance.

**REQUIRED SUPPLEMENTAL INFORMATION**

Four Corners Charter School, Inc.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue				
State passed through local school district	\$ 6,778,006	\$ 6,738,772	\$ 6,738,772	\$ -
Other revenues	1,000	3,071	3,071	-
Total revenues	<u>6,779,006</u>	<u>6,741,843</u>	<u>6,741,843</u>	<u>-</u>
Expenditures				
Instruction	4,740,033	4,514,768	4,514,768	-
Board of directors	5,000	5,420	5,420	-
General administration	1,087,132	601,140	601,140	-
Facilities	1,061,168	1,788,685	1,788,685	-
Fiscal services	20,000	20,000	20,000	-
Transportation	-	282	282	-
Fixed capital outlay	-	156,666	156,666	-
Total expenditures	<u>6,913,333</u>	<u>7,086,961</u>	<u>7,086,961</u>	<u>-</u>
Other financing sources				
Transfers in	260,328	260,328	260,328	-
Transfers out	(190,000)	-	-	-
Total other financing sources	<u>70,328</u>	<u>260,328</u>	<u>260,328</u>	<u>-</u>
Net change in fund balances	(63,999)	(84,790)	(84,790)	-
Fund balance at July 1, 2017	4,385,163	4,385,163	4,385,163	-
Fund balance at June 30, 2018	<u>\$ 4,321,164</u>	<u>\$ 4,300,373</u>	<u>\$ 4,300,373</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

**Four Corners Charter School, Inc.**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL OUTLAY FUND**

**Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
State passed through local school district	\$ 260,328	\$ 260,328	\$ 260,328	\$ -
Other financing uses				
Transfers out	<u>(260,328)</u>	<u>(260,328)</u>	<u>(260,328)</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance at July 1, 2017	-	-	-	-
Fund balance at June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

**Four Corners Charter School, Inc.**

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2018**

**NOTE A - BUDGETARY BASIS OF ACCOUNTING**

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for fiscal year ended June 30, 2018, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

## **SUPPLEMENTAL INFORMATION**



**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**

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 411  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

To the Board of Directors  
Four Corners Charter School, Inc.  
Kissimmee, 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 Four Corners Charter School, Inc. (the "Corporation") a component unit of the School Board of Osceola County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2018



**MANAGEMENT LETTER**

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

501 S. New York Ave.  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 411  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

To the Board of Directors  
Four Corners Charter School, Inc.  
Kissimmee, Florida

**Report on the Financial Statements**

We have audited the financial statements of Four Corners Charter School, Inc. (the "Corporation"); a component unit of the School Board of Osceola County, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 20, 2018.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Reporting Requirements**

We have issued our Independent Auditors' 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 this report, which is dated September 20, 2018, 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. In connection with our audit, the Corporation did not have prior year findings.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the Corporation is *Four Corners Charter School, Inc.*, which 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.

**Financial Condition and Management**

Sections 10.854(1)(e)2. And 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the Corporation has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Corporation 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 Corporation. It is management's responsibility to monitor the Corporation's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
September 20, 2018

## **MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES**

For the year ended June 30, 2018 there were no management findings, recommendations or responses.