



Board of Directors' Meeting

Tuesday, October 6, 2015

4:00 PM



Four Corners Charter School, Inc.

Board of Directors' Meeting

Tuesday, October 6, 2015 | 4:00 p.m.
School District of Osceola County
817 Bill Beck Blvd | Finance Conference Room
Kissimmee, FL 34744



Agenda

Call to Order

Roll Call

- I. **Administrative**
 - Approval of August 4, 2015 Minutes
- II. **School Report**
- III. **New Business**
 - Staff Engagement Overview and 2015-2016 Compensation Updates
 - ESOL/Out of Field Waivers
- IV. **Old Business**
- V. **Financials**
 - Audit Presentation
- VI. **Public Comments**
- VII. **Adjournment**

◀ **Next Meeting: TBD** ▶

MEETING MINUTES

Name of Foundation: Four Corners Charter School, Inc.
Board Meeting: Tuesday, August 4, 2015
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.

Date:	Start	End	Next Meeting:	Next time:	Prepared by:
August 4, 2015	3:05 p.m.	3:43 p.m.	October 5 th , 2015	4:00 p.m.	A. Craig
Meeting Location:					
School District of Osceola County, 817 Bill Beck Blvd, Kissimmee, FL 34744					

Attended by:	
Board Members: Tim Weisheyer, Chairman Jay Wheeler, Director Ricky Booth, Director Marc Dodd, Director Absent:	Other Attendees: Denise Thompson, Principal, CSUSA April Williams, Regional Director, CSUSA Cherish Benedict, Osceola County School Board Attorney Dr. Sonia Esposito, Director of Charter Schools, Osceola School District Angela Barner, Sr. Accountant, Osceola District Gary Sermersheim, Accountant, Osceola District Charmaine Dookan, Financial Analyst, CSUSA

CALL TO ORDER

Pursuant to public notice, the meeting commenced at 3:05 p.m. with a Call to Order by Tim Weisheyer. Roll call was taken and quorum established.

I. ADMINISTRATIVE

Approval of June 23, 2015 Minutes

- The board reviewed the minutes of the June 23, 2015 meeting.

ACTION: Motion was made by Jay Wheeler and seconded by Marc Dodd to approve the minutes of the June 23, 2015, Four Corners Charter School, Inc. meeting. Motion was approved unanimously (4-0, 0 absent).

Board Member Resignation

- Chairman Weisheyer advised the board of the resignation of Jose Gonzalez. The board noted that they appreciate Mr. Gonzalez's contributions to the board.
- The board discussed the now vacant position. This position is intended to be a Lake County appointment. Mr. Dodd, the current Lake County appointment, will consider options to present to the board at a later meeting.
- If, ultimately, a Lake County representative is not available to fill the vacancy, an Osceola County representative will fill the position.

II. FINANCIALS

Year-End Financials

- Charmaine Dookan presented Year-End Financials for Four Corners Charter School to the board.
- Board members reviewed and discussed the Year-End Financials.

MOTION: Motion was made by Ricky Booth and seconded by Jay Wheeler to approve the Year-End Financials for Four Corners Charter School, as presented. Motion was approved unanimously (4-0).

Financial Report

- Angela Barner presented the 4th Quarter Financial Report for Four Corners Charter School, Inc. to the board.
- Board members discussed the 4th Quarter Financial Report.

MOTION: Motion was made by Jay Wheeler and seconded by Ricky Booth to approve the 4th Quarter Financial Report for Four Corners Charter School. Motion was approved unanimously (4-0).

2005 COP Bond Refunding

- Angela Barner updated the board on the 2005 COP Bond Refunding as a follow-up from a previous board meeting.
- The board discussed the 2005 COP Bond Refunding. Angela Barner and Cherish Benedict provided further insight.

MOTION: Motion was made by Jay Wheeler and seconded by Ricky Booth to approve the 2005 COP Bond Refunding for Four Corners Charter School, as presented. Motion was approved unanimously (4-0).

III. NEW BUSINESS

Transportation Agreement

- Board Attorney, Cherish Benedict, presented the Transportation Agreement between the School Board of Lake County and Four Corners Charter School, Inc. for Lake County students attending FCCS.
- The board reviewed and discussed the Transportation Agreement with further insight from Cherish Benedict.
- Cherish Benedict advised that the agreement had already been reviewed and signed by the School Board of Lake County.

MOTION: Motion was made by Jay Wheeler and seconded by Ricky Booth to approve the Transportation Agreement and to authorize Chairman Weisheyer to sign the Transportation Agreement, as presented. Motion was approved unanimously (4-0).

NWEA B3 Results

- Principal Thompson presented the NWEA Benchmark 3 Results for Four Corners Charter School.
- The board members discussed the results and highlighted the growth in Math and Science.

IV. OLD BUSINESS

Compliance – Governance Training

- Dr. Sonia Esposito advised the board members that governance training is a critical part of their service and responsibility to the board. She has asked that for those board members that have yet to complete their governance training do so to ensure that FCCS maintains its compliance.
- Governance Training information will be resent from CSUSA’s Board Governance department.
- Board members have committed to completing the governance training.

V. PUBLIC COMMENTS

- There were no public comments.

VI. ADJOURNMENT

MOTION: Motion was made by Marc Dodd and seconded by Ricky Booth to adjourn the Four Corners Charter School, Inc. board meeting. Motion was approved unanimously (4-0).

Tim Weisheyer, Chairman

Date: _____

GREAT
By CHOICE

School Report

Four Corners Charter School





Overview

Monthly School Reports provided for Governing Board updates on key deliverables and highlights at each school.

School Name

Four Corners Charter School

Enrollment (2014-2015)

	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE				
Total Enrollment		1061	1044													
Budgeted Enrollment		1050	1050	1050	1050	1050	1050	1050	1050	1050	1050	1050				

Enrollment Forecast (2015-2016)

							JAN	FEB	MAR	APR	MAY	JUNE	JULY			
Recommits																
New Applicants																
Wait List																
Budgeted Enrollment							1050	1050	1050	1050	1050					

Withdrawals (please use numerals)

	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE				
Moving		32	25													
Curriculum																
Schedule Conflicts																
Discipline																
Not Satisfied w/Leadership																
Not Satisfied w/Teachers																
Home Schooled			5													
Home/District School																
Private School			2													
Friend/Sibling																
Extracurricular																
No Reason Given																
Other/Transportation		10	12													
Total Student Withdrawals	0	42	44													

Additional Enrollment information	
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Staffing Updates

	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE			
New Staff		5												
Open Position: Grade/Subject		5												
Other Staff Updates: (Training/Professional Development/ Leading Edge)	SACS Accreditation, New Lesson Plan template, FSA, 2 LE Participants													

PTO/PTC Activities: (Provide a snapshot of some notable events and activities)

Event/Activity	Date	Description
PTC/SAC	15-Sep	
Cookie Dough Fundraiser	17-Sep	

Other Updates: (If applicable)

Quest Visit 9/22/15	

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CSUSA Staff Engagement Overview & 2015-2016 Compensation Updates



Taylor Brown

Talent Acquisition and Development

Hector Aponte

Compensation and Benefits



Putting Students First by Putting People First

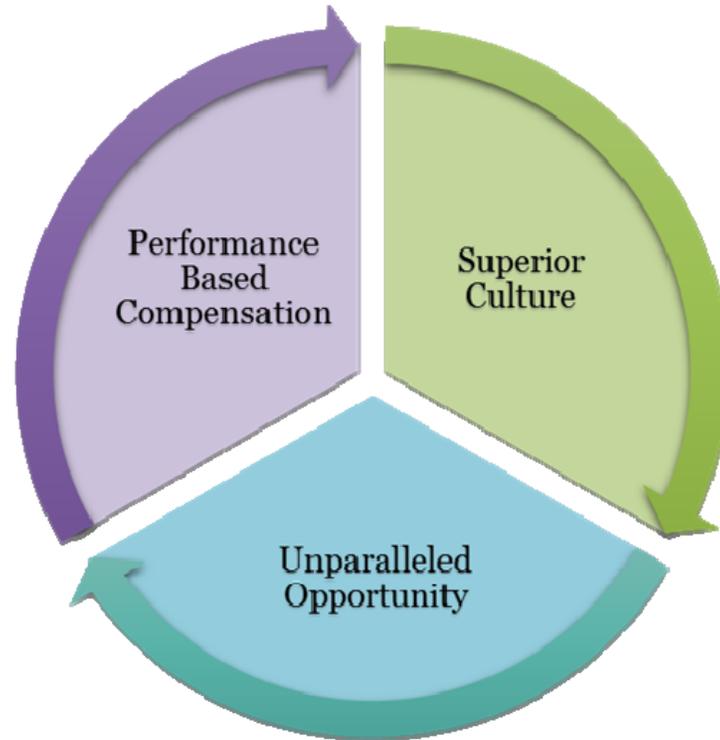
Several years ago, we did extensive internal and external research to determine what were the most important factors needed to support CSUSA Team members. The result was our People First Plan.



Our belief is that when we create the right environment and support for our team, students will get the best education.

Putting Students First by Putting People First

- **Potential base pay increases and individual merit increases**
- School wide incentive goals and bonus potential



- Student uniforms and discipline
- Character education
- Focus on safety and security
- Parent & staff surveys
- Staff recognition programs
- Summit

- School based professional development
- Leading Edge professional development program and network
- School growth and new school development

Superior Culture

Strategy Highlight

CSUSA uses 12 key Gallup questions to measure staff engagement on our twice annual staff survey. These answers help us understand what support our team members need to be their best. As part of the People First Plan, building administrators create action plans based on the feedback from their staff.



Unparalleled Opportunity

Staff Professional Development

We provide significant professional development including:

- New Teacher Induction (annual)
- Returning Teacher Orientation (annual)
- Differentiated teacher professional development on curriculum, instruction, and classroom culture led by building instructional coaches.
- LeadingEdge Leadership Development program for aspiring instructional and school leaders



Performance Based Compensation

After a significant review of research regarding performance based compensation models and their impact on student achievement, we developed our pay model to ensure the following:

- A Straightforward Formula
- Merit Pay tied to Student Growth
- Incentives for Collaboration
- Substantial Awards

2015-2016 Compensation Plan

We are excited to share an overview of our 2015-2016 compensation plan with you during your next board meeting.

Meeting topics to include:

- Base pay comparisons with local district(s)
- Performance incentives for 2015-2016

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HOW



FCES (0863) - Out of Field Report

Teacher	Out-of-Field Assignment	Current Certification	Out of Field Assignment Date
Bradbury, Natasha	ESOL Compliance	Temp. Cert. PreK - Primary	8/20/2015
Christina Octive	ESOL Compliance	Temp. Cert. PK-Primary	9/9/2015
Maria Lauro	ESOL Compliance	Prof. Cert. K-6	8/28/2015
Camacho, Shontal	ESOL Compliance	Temp. Pre-K/Primary	8/16/2012
Richards, Jennifer L	ESOL Compliance	Prof. Elem. Ed (K-6)	8/6/2012
Vil, Emmanuelle	ESOL Compliance	Prof. Cert. Elem. Educ. K-6	8/3/2015
True, Rebecca	ESOL Compliance	Prof. Cert. Music K-12	8/7/2015
Nieves, Vivian	ESOL Compliance	Prof. Cert. Elem. K-6	8/3/2015
Junco, Michelle	ESOL Compliance	Prof. Cert. Elem. Educ. K-6	8/3/2015
Hardgrove, Katie	ESOL Compliance	Temp. Cert. Art K-12	8/3/2015
Brown, Terria	ESOL Compliance	Temp. Cert. Pre-K - Primary	8/3/2015
Gilbert, Curtricia	ESOL Compliance	Temp. Cert. Pre-K - Primary	8/6/2015
Sulyk, Jennifer	ESOL Compliance	Prof. Cert. Elem K-6	8/3/2015
Betts, Marie	ESOL Compliance	Temp. Cert. Elem. K-6	8/3/2015

Charter School Name

Four Corners Charter School (0863)

Board Meeting Date 9/24/2015

Last Update

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

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2015**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
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
Statement of Fiduciary Assets and Liabilities - Agency Fund	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY 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 Supplementary Information	30
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31
MANAGEMENT LETTER	33
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	35

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund 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, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, as of June 30, 2015, 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.

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, 2015, 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 17, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

September 17, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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, 2015 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 8.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$975,756 (net position).
- The School's total net position increased by \$47,003.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$712,379, a decrease of \$91,631 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$609,602.

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. The difference between the two is 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 their operational results.

The government-wide financial statements can be found on pages 8 and 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, projects, or objectives. The School, like other 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 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and 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 10 through 13 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 14 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 15 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, 2015 and 2014, assets exceeded liabilities by \$975,756 and \$928,753 (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. An additional portion of the School's net position represents resources that are subject to external restrictions on how they may be used.

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

**Four Corners Charter School
Statement of Net Position**

	Governmental Activities		
	2015	2014	Variance
ASSETS			
Current assets	\$ 1,148,779	\$ 1,186,075	\$ (37,296)
Capital assets, net of accumulated depreciation	275,990	139,411	136,579
Total assets	<u>1,424,769</u>	<u>1,325,486</u>	<u>99,283</u>
LIABILITIES			
Current liabilities	413,436	383,748	29,688
Noncurrent liabilities	12,613	-	12,613
Due to management company	22,964	12,985	9,979
Total liabilities	<u>449,013</u>	<u>396,733</u>	<u>52,280</u>
NET POSITION			
Net investment in capital assets	275,990	139,411	136,579
Unrestricted	699,766	789,342	(89,576)
Total net position	<u>\$ 975,756</u>	<u>\$ 928,753</u>	<u>\$ 47,003</u>

Current assets decreased as a result of the timing of inflows and outflows in due to due from charterholder account. The capital assets net of accumulated depreciation increased due to higher accumulated depreciation caused by new fixed assets added in current year. Total liabilities increased at year end as a result of the timing of payments for invoices.

**Four Corners Charter School
Statement of Activities**

	Governmental Activities		
	2015	2014	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 92,327	\$ 75,038	\$ 17,289
Operating grants and contributions	103,919	130,846	(26,927)
Capital grants and contributions	386,159	461,745	(75,586)
General revenues:			
State passed through local school district	6,421,122	6,243,776	177,346
Contributions	-	4,500	(4,500)
Other revenues	145,855	133,760	12,095
Total revenues	<u>7,149,382</u>	<u>7,049,665</u>	<u>99,717</u>
Expenditures:			
Basic instruction	3,180,038	3,378,973	(198,935)
Exceptional instruction	147,805	143,182	4,623
Guidance services	57,226	49,726	7,500
Health services	24,993	25,325	(332)
Other pupil services	58,025	59,739	(1,714)
Media services	-	447	(447)
Curriculum development	9,694	15,008	(5,314)
Staff development	10,732	6,711	4,021
Board of directors	14,760	11,689	3,071
School administration	337,023	324,454	12,569
Fiscal services	782,509	761,559	20,950
Central services	82,798	72,078	10,720
Information services	1,850	-	1,850
Transportation	141,928	211,537	(69,609)
Operation of plant	1,837,327	1,786,307	51,020
Maintenance of plant	359,712	329,066	30,646
Community services	55,959	47,494	8,465
Total expenditures	<u>7,102,379</u>	<u>7,223,295</u>	<u>(120,916)</u>
Change in net position	47,003	(173,630)	220,633
Net position - beginning	<u>928,753</u>	<u>1,102,383</u>	<u>(173,630)</u>
Net position - ending	<u>\$ 975,756</u>	<u>\$ 928,753</u>	<u>\$ 47,003</u>

Capital grants and contributions decreased due to a decrease of the capital outlay funds. The increase in state pass through local school district revenue resulted from an increase in the student allocation funding per student. The decrease in expenses related to basic instruction is caused by drop in salaries in comparison with prior year caused by teacher allocation funds granted in prior year but not in current year. The decrease is also due to lower orders for supplies in fiscal year 2015. Transportation decreased due to a reduction in costs charged by the school district. The maintenance of the plant expenses increased due to various repair maintenance and landscaping services provided in 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, unassigned 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 \$712,379.

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 \$609,602.

The combined ending fund balance of the School's general fund decreased by \$91,631 during the current fiscal year.

General Fund Budgetary Highlights

Actual general fund revenue was favorable compared to the budget for the year ending June 30, 2015 as the budget was based on conservative numbers. The actual general fund revenue exceeded the budgeted revenue by \$98,689. Budgeted general fund expenditures exceeded actual expenditures by \$188,912.

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, 2015, amounts to \$275,990 (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. A majority of the School's funding is determined by the number of enrolled students. The School is forecasting enrollment to remain at capacity at approximately 1050 students for the 2015-16 school year. The State of Florida is projecting an increase in Florida Education Finance Program funding for the next fiscal year of approximately 3%. This increase will be offset by a reduction in Public Education Capital Outlay, a funding pool which includes all charter schools. Expenditures are budgeted in proportion to enrollment as well as strategic objective at the School. In addition, 2% salary increase pool has been built into the budget for all eligible school staff.

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, Controller, Charter Schools USA, 800 Corporate Dr., Suite 124, Fort Lauderdale, FL 33334.

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

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 626,041
Due from charterholder	419,961
Deposits	13,305
Prepaid expenses	89,472
Total current assets	<u>1,148,779</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	37,279
Improvements other than buildings	24,104
Information technology equipment	211,636
Computer software	2,971
Total capital assets	<u>275,990</u>
Total assets	<u>1,424,769</u>
LIABILITIES	
LIABILITIES	
Accounts payable	31,831
Due to management company	22,964
Accrued payroll and other expenses	381,605
Noncurrent liabilities:	
Accrued compensated absences due within one year	9,460
Due in more than one year	3,153
Total liabilities	<u>449,013</u>
NET POSITION	
Net investment in capital assets	275,990
Unrestricted	699,766
Total net position	<u>\$ 975,756</u>

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

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

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

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	\$3,180,038	\$ -	\$ 103,919	\$ -	\$ (3,076,119)
Exceptional instruction	147,805	-	-	-	(147,805)
Guidance services	57,226	-	-	-	(57,226)
Health services	24,993	-	-	-	(24,993)
Other pupil services	58,025	-	-	-	(58,025)
Curriculum development	9,694	-	-	-	(9,694)
Staff development	10,732	-	-	-	(10,732)
Board of directors	14,760	-	-	-	(14,760)
School administration	337,023	-	-	-	(337,023)
Fiscal services	782,509	-	-	-	(782,509)
Central services	82,798	-	-	-	(82,798)
Information services	1,850	-	-	-	(1,850)
Transportation	141,928	-	-	-	(141,928)
Operation of plant	1,837,327	-	-	386,159	(1,451,168)
Maintenance of plant	359,712	-	-	-	(359,712)
Community services	55,959	92,327	-	-	36,368
Total governmental activities	\$7,102,379	\$ 92,327	\$ 103,919	\$ 386,159	(6,519,974)
General revenues:					
State passed through local school district					6,421,122
Other revenues					145,855
Total general revenues					6,566,977
Change in net position					47,003
Net position at July 1, 2014					928,753
Net position at June 30, 2015					\$ 975,756

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS			
Cash	\$ 626,041	\$ -	\$ 626,041
Due from charterholder	419,961	-	419,961
Deposits	13,305	-	13,305
Prepaid expenses	89,472	-	89,472
Total assets	\$ 1,148,779	\$ -	\$ 1,148,779
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 31,831	\$ -	\$ 31,831
Due to management company	22,964	-	22,964
Accrued payroll and other expenses	381,605	-	381,605
Total liabilities	436,400	-	436,400
FUND BALANCES			
Reserved for:			
Nonspendable			
Deposits	13,305	-	13,305
Prepaid expenses	89,472	-	89,472
Unassigned	609,602	-	609,602
Total fund balances	712,379	-	712,379
Total liabilities and fund balances	\$ 1,148,779	\$ -	\$ 1,148,779

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

Four Corners 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, 2015

Fund balances - total governmental funds	\$ 712,379
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The net position reported for governmental activities in the statement of net position 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	\$ 37,279	
Improvements other than buildings, net	24,104	
Information technology equipment, net	211,636	
Computer software, net	<u>2,971</u>	
Total capital assets		275,990

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

	<u>(12,613)</u>
Total net position of governmental activities	<u><u>\$ 975,756</u></u>

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

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

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

For the year ended June 30, 2015

	General Fund	Capital Outlay Fund	Total Governmental Funds
Revenues			
State passed through local school district	6,525,041	386,159	6,911,200
Other revenues	238,182	-	238,182
Total revenues	<u>6,763,223</u>	<u>386,159</u>	<u>7,149,382</u>
Expenditures			
Current:			
Basic instruction	3,058,154	-	3,058,154
Exceptional instruction	147,805	-	147,805
Guidance services	57,226	-	57,226
Health services	24,993	-	24,993
Other pupil services	58,025	-	58,025
Curriculum development	9,694	-	9,694
Staff development	10,732	-	10,732
Board of directors	14,760	-	14,760
School administration	337,023	-	337,023
Fiscal services	782,509	-	782,509
Central services	82,798	-	82,798
Information services	1,850	-	1,850
Transportation	141,928	-	141,928
Operation of plant	1,447,169	386,159	1,833,328
Maintenance of plant	359,712	-	359,712
Community services	55,959	-	55,959
Fixed capital outlay	264,517	-	264,517
Total expenditures	<u>6,854,854</u>	<u>386,159</u>	<u>7,241,013</u>
Excess of expenditures over revenues	(91,631)	-	(91,631)
Fund balances at July 1, 2014	804,010	-	804,010
Fund balances at June 30, 2015	<u>\$ 712,379</u>	<u>\$ -</u>	<u>\$ 712,379</u>

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

**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**

For the year ended June 30, 2015

Net change in fund balances - total government funds \$ (91,631)

The change in net position 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	\$ 264,517	
Less: depreciation	<u>(127,938)</u>	
		136,579

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

Accrued compensation		<u>2,055</u>
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Change in net position of governmental activities		<u>\$ 47,003</u>
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The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND

June 30, 2015

	<u>Internal Activity Fund</u>
ASSETS	
Cash	<u>\$ 82,145</u>
Total assets	<u><u>\$ 82,145</u></u>
LIABILITIES	
Internal accounts payable	<u>\$ 82,145</u>
Total liabilities	<u><u>\$ 82,145</u></u>

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF 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 School reports the following major governmental funds:

General Fund - is the general operating fund of the School and 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 Board 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 multiple checking accounts held at a financial institution. The School does not have any cash equivalents.

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, 2015 are recorded as prepaid expenses in both the government-wide and fund financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the asset's life 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</u>
Furniture, fixtures and equipment	5
Improvements other than buildings	10
Information technology equipment	3
Computer software	3
Audio visual equipment	5

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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all its tax positions are more likely than not to be sustained upon examination.

The School files Form 990 in the U.S. federal jurisdiction. The School is generally no longer subject to examination by the Internal Revenue Service for years ending before June 30, 2011.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

12. Excess of expenditures 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, 2015, 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification (continued)

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.

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.

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, 2015, all of the Schools accounts were in non-interest bearing transaction accounts and are fully insured.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE C - CAPITAL ASSETS

Changes in capital asset activity were as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 1,060,130	\$ 16,816	\$ -	\$ 1,076,946
Improvements other than buildings	34,167	23,867	-	58,034
Information technology equipment	593,987	220,384	-	814,371
Computer software	77,232	3,450	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total assets depreciated	<u>1,767,071</u>	<u>\$ 264,517</u>	<u>\$ -</u>	<u>2,031,588</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	1,014,588	\$ 25,079	\$ -	1,039,667
Improvements other than buildings	29,932	3,998	-	33,930
Information technology equipment	504,353	98,382	-	602,735
Computer software	77,232	479	-	77,711
Audio visual equipment	1,555	-	-	1,555
Total accumulated depreciation	<u>1,627,660</u>	<u>\$ 127,938</u>	<u>\$ -</u>	<u>1,755,598</u>
Total capital assets, net- governmental activities	<u>\$ 139,411</u>			<u>\$ 275,990</u>

Depreciation expense was charged to functions of the School as follows:

Basic instruction	\$ 123,940
Operation of plant	<u>3,998</u>
	<u>\$ 127,938</u>

NOTE D - LONG-TERM LIABILITIES

1. Changes in long-term liabilities:

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015	Due within one year
Accrued compensation	\$ 14,668	\$ 8,156	\$ (10,211)	\$ 12,613	\$ 9,460
Total long-term liabilities	<u>\$ 14,668</u>	<u>\$ 8,156</u>	<u>\$ (10,211)</u>	<u>\$ 12,613</u>	<u>\$ 9,460</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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
The School District of Osceola County:	
Base funding	\$ 4,528,281
Class size reduction	1,221,850
Discretionary local effort	253,454
Supplemental academic instruction	233,703
Discretionary millage compression allocation	174,111
Instructional materials	84,186
Exceptional student education guaranteed allocation	43,712
Safe schools	19,305
Discretionary lottery	3,751
Digital classroom	13,170
Proration to funds available	(39,814)
Administrative fee withheld (5%)	(130,714)
Florida teacher lead program	16,127
School recognition	103,919
Subtotal	6,525,041
Capital outlay funds	386,159
Total from the School District of Osceola County	6,911,200
Community service fees	92,327
Other revenues	145,855
	\$ 7,149,382

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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, with a management company. 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 \$370,000 plus contingent incentive fees. The incentive fees are calculated as the difference between the guaranteed fee and 12% of FEFP operational revenues, and subject to performance requirements detailed in the management agreement. Current year management fees charged to operations totaled \$780,627. Per the new management agreement which commenced on July 1, 2015, the incentive fee will be calculated as the difference between the guaranteed fee and 13% of FEFP operational revenues.

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.

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 \$648,896 to \$1,118,156 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE F - COMMITMENTS AND CONTINGENCIES (continued)

2. Facilities sub-lease (continued)

Current year facilities expense charged to operations totaled \$1,130,756. 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 \$386,159 was reimbursed through capital outlay funds.

Aggregate remaining rental commitments at June 30, 2015 under this sub-lease agreement are summarized as follows:

2016	\$ 1,113,556
2017	1,118,156
2018	1,110,363
2019	1,110,513
2020	1,112,763
2021 - 2024	<u>4,453,056</u>
	<u>\$ 10,018,407</u>

NOTE G - OPERATING LEASES

In September 2009, the School entered into an operating agreement for six copiers. The term of the lease is for 60 months and was extended on September 2014. In May, 2014 the School entered into an operating agreement for five copiers. The term of the lease is for 60 months and extends until May 2019. The current annual lease payments total \$25,111. The following is a schedule of future minimum lease payments for the following years ending June 30:

2016	\$ 12,363
2017	12,363
2018	12,363
2019	<u>11,333</u>
	<u>\$ 48,422</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE H - 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, 2015, the School's balance sheet reflects a payable due to the management company in the amount of \$22,964.

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, 2015, the balance sheet reflects a receivable due from Charterholder in the amount of \$419,961.

NOTE I - 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 2015. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE J - SUBSEQUENT EVENTS

The School has evaluated subsequent events through September 17, 2015, the date which the financial statements were available for issuance. At the request of the School, and with the School Board's consent, commencing with the 2015-2016 school year the School's grade configuration was changed to serve grade levels from kindergarten through fifth grade.

REQUIRED SUPPLEMENTARY 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

For the year ended June 30, 2015

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance with</u> <u>Final Budget</u>
	<u>Original and</u> <u>Final</u>	<u>Actual</u>	
Revenues			
State sources	\$ 6,457,596	\$ 6,525,041	\$ 67,445
Local sources	206,938	238,182	31,244
Total revenues	<u>6,664,534</u>	<u>6,763,223</u>	<u>98,689</u>
Expenditures			
Instruction			
Basic instruction	3,084,260	3,058,154	26,106
Exceptional instruction	195,868	147,805	48,063
Instructional support services			
Pupil personnel services	238,780	149,938	88,842
Instructional staff training services	5,656	10,732	(5,076)
Administrative services	345,413	337,023	8,390
Transportation	198,158	141,928	56,230
Plant operations and maintenance	1,884,627	1,806,881	77,746
Operations of noninstructional services			
Board services	11,500	14,760	(3,260)
Fiscal services	771,406	782,509	(11,103)
Central services	74,989	84,648	(9,659)
Community services	53,761	55,959	(2,198)
Fixed capital outlay	179,348	264,517	(85,169)
Total expenditures	<u>7,043,766</u>	<u>6,854,854</u>	<u>188,912</u>
Excess (deficiency) of revenues over (under) expenditures	(379,232)	(91,631)	287,601
Fund balance at July 1, 2014	<u>804,010</u>	<u>804,010</u>	<u>-</u>
Fund balance at June 30, 2015	<u>\$ 424,778</u>	<u>\$ 712,379</u>	<u>\$ 287,601</u>

See accompanying note to required supplementary 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

For the year ended June 30, 2015

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance with</u> <u>Final Budget</u>
	<u>Original and</u> <u>Final</u>	<u>Actual</u>	
Revenues			
Charter capital funding	<u>\$ 382,325</u>	<u>\$ 386,159</u>	<u>\$ 3,834</u>
Expenditures			
Operation of plant	<u>382,325</u>	<u>386,159</u>	<u>(3,834)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2015	<u><u>\$ -</u></u>	<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 SUPPLEMENTARY INFORMATION

June 30, 2015

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, 2015, 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.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
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 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, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 17, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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.

September 17, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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MANAGEMENT LETTER

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, 2015, and have issued our report thereon dated September 17, 2015.

Auditor's 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 Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 17, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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. 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

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific 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 the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determine 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.

Other Matters

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

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

Purpose of this Letter

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

September 17, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June, 30 2014, there were no management findings, recommendations and responses.

For the year ended June, 30 2015, there were no management findings, recommendations and responses.

**FOUR CORNERS
CHARTER SCHOOL, INC.**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2015**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
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
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	26
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	27
Note to Required Supplementary Information	28
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	29
MANAGEMENT LETTER	31
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	33

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INDEPENDENT AUDITOR'S REPORT

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, and each major fund 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, 2015, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, as of June 30, 2015, 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, 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 19, 2015 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 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.

September 19, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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, 2015 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 basic financial statements found starting on page 8.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$3,845,482.
- The Corporation's total net position increased by \$146,802.
- As of the close of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances \$2,209,074.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$969,937.

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 only the Corporation itself, which is a component unit of the School District of Osceola County, Florida. The School District of Osceola County, Florida includes the operations of the Corporation in their operational results.

The government-wide financial statements can be found on pages 8 and 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 26 through 28 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 \$3,845,482 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; 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 \$1,636,408 at June 30, 2015.

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

Four Corners Charter School, Inc. Statement of Net Position

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Variance</u>
ASSETS			
Current assets	\$2,962,068	\$2,474,165	\$ 487,903
Capital assets, net of accumulated depreciation	<u>1,636,408</u>	<u>1,719,158</u>	<u>(82,750)</u>
Total assets	<u>4,598,476</u>	<u>4,193,323</u>	<u>405,153</u>
LIABILITIES			
Current liabilities	<u>752,994</u>	<u>494,643</u>	<u>258,351</u>
Total liabilities	<u>752,994</u>	<u>494,643</u>	<u>258,351</u>
NET POSITION			
Net investment in capital assets	1,636,408	1,719,158	(82,750)
Unrestricted	<u>2,209,074</u>	<u>1,979,522</u>	<u>229,552</u>
Total net position	<u>\$3,845,482</u>	<u>\$3,698,680</u>	<u>\$ 146,802</u>

Current assets and liabilities increased from prior year due to the timing of the facility lease payments and management fees made subsequent to year end. Capital assets decreased from prior year due to current year depreciation expense.

Four Corners Charter School, Inc.
Statement of Activities

	Governmental Activities		
	2015	2014	Variance
Revenues:			
Program revenues:			
Operating grants and contributions	\$ 386,159	\$ 461,745	\$ (75,586)
General revenues:			
State passed through local school district	6,551,837	6,370,880	180,957
Other revenues	-	7,556	(7,556)
Interest income	659	652	7
Total revenues	<u>6,938,655</u>	<u>6,840,833</u>	<u>97,822</u>
Expenses:			
Basic instruction	4,705,553	4,769,021	(63,468)
Board of directors	9,000	6,800	2,200
General administration	733,942	714,983	18,959
Facilities	1,343,358	1,341,646	1,712
Total expenses	<u>6,791,853</u>	<u>6,832,450</u>	<u>(40,597)</u>
Change in net position	146,802	8,383	138,419
Net position - beginning	<u>3,698,680</u>	<u>3,690,297</u>	<u>8,383</u>
Net position - ending	<u>\$ 3,845,482</u>	<u>\$ 3,698,680</u>	<u>\$ 146,802</u>

State passed through local school district revenues increased due to an overall increase in funding from the state of Florida. Operating grants and contributions and basic instruction expenses decreased due to a lower capital outlay funding this year. General administration expenditure increased due to higher administration fees being calculated based on increased funding.

Financial Analysis of the Government's Funds

As noted previously, 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 \$2,209,074.

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 \$969,937.

The fund balance of the Corporation's general fund increased by \$229,552 during the current fiscal year.

General Fund Budgetary Highlights

Actual general fund revenues exceeded budgeted revenues by \$9. Budgeted general fund expenditures exceeded actual expenditures by \$86,874 because expenditures related to the general administration were less than projected. As a result, the budgeted increase in fund balance exceeded the actual increase in fund balance by \$87,452. The budgetary information can be found on pages 26 through 28 of this report.

Capital Asset and Debt Administration

Capital Assets. The Corporation's investment in capital assets for its governmental type activities as of June 30, 2015, amounts to \$1,636,408 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment, 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 685 students for the 2015-16 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 Migdalia Gonzalez Mercado, Director of Finance 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, 2015

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 2,957,706
Accounts receivable	<u>4,362</u>
Total current assets	<u>2,962,068</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	37,279
Improvements other than buildings	24,104
Leasehold improvements	1,360,418
IT equipment	211,636
Software	<u>2,971</u>
Total capital assets	<u>1,636,408</u>
Total assets	<u>4,598,476</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Due to management company	<u>752,994</u>
Total liabilities	<u>752,994</u>
NET POSITION	
Net investment in capital assets	1,636,408
Unrestricted	<u>2,209,074</u>
Total net position	<u>\$ 3,845,482</u>

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

Four Corners Charter School, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

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	\$ 4,705,553	\$ -	\$ -	\$ -	\$ (4,705,553)
Board of directors	9,000	-	-	-	(9,000)
General administration	733,942	-	-	-	(733,942)
Facilities	1,343,358	-	386,159	-	(957,199)
Total governmental activities	<u>\$ 6,791,853</u>	<u>\$ -</u>	<u>\$ 386,159</u>	<u>\$ -</u>	<u>(6,405,694)</u>
General revenues:					
State passed through local school district					
Interest income					
Total general revenues					
Change in net position					
Net position at July 1, 2014					
Net position at June 30, 2015					
					<u>\$ 3,845,482</u>

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

Four Corners Charter School, Inc.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS			
Cash	\$ 2,957,706	\$ -	\$ 2,957,706
Accounts receivable	4,362	-	4,362
Total assets	\$ 2,962,068	\$ -	\$ 2,962,068
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to management company	\$ 752,994	\$ -	\$ 752,994
Total liabilities	752,994	-	752,994
FUND BALANCES			
Assigned	1,239,137	-	1,239,137
Unassigned	969,937	-	969,937
Total fund balances	2,209,074	-	2,209,074
Total liabilities and fund balances	\$ 2,962,068	\$ -	\$ 2,962,068

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

Four Corners Charter School, Inc.

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

June 30, 2015

Fund balances - total governmental funds \$ 2,209,074

The net position reported for governmental activities in the statement of net position 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	\$ 37,279	
Improvements other than buildings, net	24,104	
Leasehold improvements, net	1,360,418	
IT equipment, net	211,636	
Software	2,971	
	<hr/>	
Total capital assets		<u>1,636,408</u>
Total net position of governmental activities		<u>\$ 3,845,482</u>

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

Four Corners Charter School, Inc.

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

For the year ended June 30, 2015

	General Fund	Capital Outlay Fund	Total Governmental Funds
Revenues			
State passed through local school district	\$ 6,551,837	\$ 386,159	\$ 6,937,996
Other revenues	659	-	659
Total revenues	6,552,496	386,159	6,938,655
Expenditures			
Current:			
Basic instruction	4,581,613	-	4,581,613
Board of directors	9,000	-	9,000
General administration	733,942	-	733,942
Facilities	1,120,031	-	1,120,031
Fixed capital outlay	264,517	-	264,517
Total expenditures	6,709,103	-	6,709,103
Excess (deficiency) of revenues over (under) expenditures	(156,607)	386,159	229,552
Other financing sources and (uses)			
Transfers in	386,159	-	386,159
Transfers out	-	(386,159)	(386,159)
Total other financing sources (uses)	386,159	(386,159)	-
Net change in fund balances	229,552	-	229,552
Fund balances at July 1, 2014	1,979,522	-	1,979,522
Fund balances at June 30, 2015	\$ 2,209,074	\$ -	\$ 2,209,074

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

Four Corners Charter School, Inc.

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

For the year ended June 30, 2015

Net change in fund balances - total government funds \$ 229,552

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

Governmental funds report capital outlay 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	\$ 264,517	
Less: depreciation	<u>(347,267)</u>	<u>(82,750)</u>
Change in net position of governmental activities		<u>\$ 146,802</u>

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

Four Corners Charter School, Inc.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF 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, 2015

NOTE A - SUMMARY OF 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, 2015

NOTE A - SUMMARY OF 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 - is 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, payables 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 \$386,159 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, 2015

NOTE A - SUMMARY OF 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</u>
Furniture, fixtures and equipment	5
Improvements other than buildings	10
IT equipment	3
Computer equipment	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. Actual expenses paid by the management company may differ significantly from amounts paid and expensed by the Corporation. For this reason, functional detail of the Corporation's expenditures is not available and has not been presented in the financial statements.

Four Corners Charter School, Inc.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF 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, 2015, 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 \$1,089,137, as well as \$150,000 set aside each year to facilities and maintenance.

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.

Four Corners Charter School, Inc.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Fund balance classification (continued)

	<u>General Fund</u>
Assigned	
Facilities and maintenance	\$ 150,000
Facilities use fee	1,089,137
Unassigned	969,937
	<u>\$ 2,209,074</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.

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 \$2,924,798 at June 30, 2015. 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, 2015

NOTE C - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 1,060,130	\$ 16,816	\$ -	\$ 1,076,946
Improvements other than buildings	34,167	23,867	-	58,034
Leasehold improvements	2,193,298	-	-	2,193,298
IT equipment	593,987	220,384	-	814,371
Computer equipment	77,232	3,450	-	80,682
Audio visual equipment	1,555	-	-	1,555
Total assets depreciated	<u>3,960,369</u>	<u>\$ 264,517</u>	<u>\$ -</u>	<u>4,224,886</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	1,014,588	\$ 25,079	\$ -	1,039,667
Improvements other than buildings	29,932	3,998	-	33,930
Leasehold improvements	613,551	219,329	-	832,880
IT equipment	504,353	98,382	-	602,735
Computer equipment	77,232	479	-	77,711
Audio visual equipment	1,555	-	-	1,555
Total accumulated depreciation	<u>2,241,211</u>	<u>\$ 347,267</u>	<u>\$ -</u>	<u>2,588,478</u>
Total governmental activities capital assets, net	<u>\$ 1,719,158</u>			<u>\$ 1,636,408</u>

Depreciation expense for the year ended June 30, 2015 was charged to functions of the Corporation as follows:

Basic instruction	\$ 123,940
Facilities	<u>223,327</u>
	<u>\$ 347,267</u>

Four Corners Charter School, Inc.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE D - CONCENTRATIONS

Revenue sources

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

Source	Amount
School Board of Osceola County, Florida:	
Base funding	\$ 4,528,281
Class size reduction	1,221,850
Discretionary local effort	253,454
Supplemental academic instruction	233,703
Discretionary millage compression allocation	174,111
Instructional materials	78,077
Exceptional student education guaranteed allocation	43,712
Safe schools	19,305
Discretionary lottery	3,751
Digital classroom allocation	13,171
Additional allocation	6,109
Proration to funds available	(39,814)
Subtotal	6,535,710
Capital outlay funds	386,159
Florida teacher lead program	16,127
Total School Board of Osceola County, Florida	6,937,996
Interest income	659
Total revenues	\$ 6,938,655

Four Corners Charter School, Inc.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Management service contract

On September 16, 2010, the Corporation entered into a new management agreement. 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 \$370,000 plus contingent incentive fees. The incentive fees are calculated as the difference between the guaranteed fee and 12% of FEFP operational revenues, and subject to performance requirements as detailed in the management agreement. Current year management fees charged to operations totaled \$733,942.

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.

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 \$648,896 to \$1,118,156 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, 2015

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

2. Facilities sub-lease (continued)

Current year facilities lease expense charged to operations totaled \$1,343,358. 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 \$386,159 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:

2016	\$	1,113,556
2017		1,118,156
2018		1,110,363
2019		1,110,513
2020		1,112,763
2021-2024		<u>4,453,056</u>
		<u><u>\$ 10,018,407</u></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 2015. 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 to 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, 2015, the Corporation has an outstanding payable due to the management company in the amount \$752,994.

Four Corners Charter School, Inc.
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 lease payments to the District (see Note E-2). At June 30, 2015, the balance sheet reflects no payable due to the school district.

3. Due to Four Corners Charter School

All monies received by 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, 2015, the balance sheet reflects no payable due to Four Corners Charter School.

NOTE H - SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through September 19, 2015, the date which the financial statements were available for issuance, and has determined that a new management contract was in effect commencing on July 1, 2015. Additional information can be found in Note E-1.

REQUIRED SUPPLEMENTARY INFORMATION

Four Corners Charter School, Inc.

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

For the year ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State passed through local school district	\$ 6,459,134	\$ 6,551,837	\$ 6,551,837	\$ -
Other revenues	900	650	659	9
Total revenues	<u>6,460,034</u>	<u>6,552,487</u>	<u>6,552,496</u>	<u>9</u>
Expenditures				
Current:				
Basic instruction	4,758,546	4,581,613	4,581,613	-
Board of directors	8,550	9,000	9,000	-
General administration	802,156	811,110	733,942	77,168
Facilities	1,130,756	1,129,737	1,120,031	9,706
Fixed capital outlay	-	264,517	264,517	-
Total expenditures	<u>6,700,008</u>	<u>6,795,977</u>	<u>6,709,103</u>	<u>86,874</u>
Deficiency of revenues under expenditures	(239,974)	(243,490)	(156,607)	86,883
Other financing sources				
Transfers in	382,325	385,590	386,159	569
Net change in fund balance	142,351	142,100	229,552	87,452
Fund balance at July 1, 2014	1,979,522	1,979,522	1,979,522	-
Fund balance at June 30, 2015	<u>\$ 2,121,873</u>	<u>\$ 2,121,622</u>	<u>\$ 2,209,074</u>	<u>\$ 87,452</u>

See accompanying note to required supplementary information.

Four Corners Charter School, Inc.

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

For the year ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district	\$ 382,325	\$ 386,159	\$ 386,159	\$ -
Other financing uses				
Transfers out	(382,325)	(386,159)	(386,159)	-
Net change in fund balance	-	-	-	-
Fund balance at July 1, 2014	-	-	-	-
Fund balance at June 30, 2015	\$ -	\$ -	\$ -	\$ -

See accompanying note to required supplementary information.

Four Corners Charter School, Inc.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

NOTE A - BUDGETARY BASIS OF ACCOUNTING

1. 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, 2015, 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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHERS MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 and each major fund 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, 2015, 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 19, 2015.

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 opinions 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.

September 19, 2015
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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MANAGEMENT LETTER

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, 2015, and have issued our report thereon dated September 19, 2015.

Auditor's 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 Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated September 19, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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. 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

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Corporation has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Imagine 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 the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determine 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.

Other Matters

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

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

Purpose of this Letter

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

September 19, 2015
Melbourne, Florida

*Berman Hopkins Wright & LaHam
CPAs and Associates, LLP*

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the years ended June 30, 2014 and June 30, 2015 there were no management findings, recommendations and responses.

