

**AVANT GARDE ACADEMY
K8 OF OSCEOLA**
(A CHARTER SCHOOL UNDER AVANT
GARDE ACADEMY, INC.)

A Charter School and Component Unit of the District
School Board of Osceola County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2017

King & Walker, CPAs, PL

Certified Public Accountants

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AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)

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Independent Auditor's Report

To the Board of Directors of the Avant Garde Academy K8 of Osceola,
(A charter school under Avant Garde Academy, Inc.)
a Charter School and Component Unit of the
District School Board of Osceola County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avant Garde Academy K8 of Osceola ("School"), a charter school under Avant Garde Academy, Inc. and component unit of the District School Board of Osceola County, Florida, as of and for the year ended June 30, 2017, 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 *Governmental 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 School'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 School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Avant Garde Academy K8 of Osceola, as of June 30, 2017, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Avant Garde Academy K8 of Osceola at June 30, 2017, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Avant Garde Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Avant Garde Academy, Inc. as of June 30, 2017 and its 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, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as shown 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 historic 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 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 October 2, 2017 on our consideration of Avant Garde Academy K8 of Osceola's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avant Garde Academy K8 of Osceola's internal control over financial reporting and compliance.

Respectfully submitted,



October 2, 2017
Tampa, Florida

AVANT GARDE ACADEMY K8 OF OSCEOLA

(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)

A Charter School and Component Unit of the District School Board of Osceola County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Avant Garde Academy K8 of Osceola ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2017.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2017, the School's revenues exceeded expenses as shown on the School's statement of activities by \$156,955.
- As shown on the statement of net position, the School reported a total net position balance of \$228,056.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental financial fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates two funds; a General Fund and a Special Revenue Fund. The School has elected to show each fund as a major fund.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and Major Special Revenue Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2016 and June 30, 2017:

	Net Position, End of Year		
	Governmental Activities		
	6-30-16	6-30-17	Increase (Decrease)
ASSETS			
Current and Other Assets	\$ 397,320	\$ 146,068	\$ (251,252)
Non-current Assets	-	288,000	288,000
Capital Assets, net	39,163	118,021	78,858
Total Assets	<u>436,483</u>	<u>552,089</u>	<u>115,606</u>
LIABILITIES			
Current Liabilities	200,240	324,033	123,793
Long-term Liabilities	165,142	-	(165,142)
Total Liabilities	<u>365,382</u>	<u>324,033</u>	<u>(41,349)</u>
NET POSITION			
Net Investment in Capital Assets	39,163	118,021	78,858
Unrestricted	31,938	110,035	78,097
Total Net Position	<u>\$ 71,101</u>	<u>\$ 228,056</u>	<u>\$ 156,955</u>

Current assets of the School primarily consist of cash and cash equivalents, amounts due from other agency, and pledge receivable. Liabilities consist primarily of salaries and benefits payable and accounts payable.

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2016 and June 30, 2017, are as follows:

	Operating Results for the Year		
	<u>Governmental Activities</u>		
	<u>6-30-16</u>	<u>6-30-17</u>	<u>Increase (Decrease)</u>
Revenues:			
Federal through State and Local	\$ 216,178	\$ 259,664	\$ 43,486
State Sources	2,316,773	2,339,531	22,758
Local and Other	2,294	358,605	356,311
Debt Forgiveness	-	165,142	165,142
Total Revenues	<u>2,535,245</u>	<u>3,122,942</u>	<u>587,697</u>
Expenses:			
Instruction	1,260,034	1,490,493	230,459
Student Support Services	214	-	(214)
Instructional Staff Training	905	31,500	30,595
Board of Education	30,704	37,896	7,192
General Administration	79,721	86,706	6,985
School Administration	206,092	379,028	172,936
Fiscal Services	286,503	295,825	9,322
Food Services	4,000	1,164	(2,836)
Central Services	35	-	(35)
Student Transportation	47,952	138,280	90,328
Operation of Plant	487,179	437,049	(50,130)
Maintenance of Plant	20,467	31,128	10,661
Administrative Technology Services	850	-	(850)
Debt Service - Interest	4,235	-	(4,235)
Unallocated Depreciation	5,437	36,918	31,481
Total Expenses	<u>2,434,328</u>	<u>2,965,987</u>	<u>531,659</u>
Increase/(Decrease) in Net Position	<u>\$ 100,917</u>	<u>\$ 156,955</u>	<u>\$ 56,038</u>

The largest revenue source for the School is the State of Florida (75%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The School also received Federal funding (8%) for the Charter School Program grant.

The largest concentration of expenses was for Instruction which represents 50% of total expenditures.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined deficit fund balance of \$177,965.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2017, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund budget several times. For the fiscal year ended June 30, 2017, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$118,021 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, computer equipment and software. Additional information regarding the School's capital assets can be found in a subsequent note to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Avant Garde Academy of Osceola's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Avant Garde Academy K8 of Osceola, 3540 Pleasanthill Rd, Kissimmee, FL 34746.

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA**

**STATEMENT OF NET POSITION
*June 30, 2017***

	<u>Governmental Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 87,512
Deposits Receivable	20,833
Due From Other Agency	37,079
Prepaid Expenses	644
Non-Current Assets:	
Pledge Receivable	288,000
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	34,575
Computer Equipment, Net	67,613
Software, Net	15,833
Total Capital Assets, Net	<u>118,021</u>
TOTAL ASSETS	<u><u>552,089</u></u>
LIABILITIES	
Salaries and Benefits Payable	110,327
Accounts Payable	<u>213,706</u>
TOTAL LIABILITIES	<u><u>324,033</u></u>
NET POSITION	
Net Investment in Capital Assets	118,021
Unrestricted	<u>110,035</u>
TOTAL NET POSITION	<u><u>\$ 228,056</u></u>

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

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017**

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,490,493	\$ -	\$ 191,291	\$ -	\$ (1,299,202)
Instructional Staff Training	31,500		22,202		(9,298)
Board of Education	37,896				(37,896)
General Administration	86,706				(86,706)
School Administration	379,028				(379,028)
Fiscal Services	295,825				(295,825)
Food Services	1,164				(1,164)
Student Transportation	138,280				(138,280)
Operation of Plant	437,049				(437,049)
Maintenance of Plant	31,128				(31,128)
Unallocated Depreciation	36,918				(36,918)
Total Governmental Activities	\$ 2,965,987	\$ -	\$ 213,493	\$ -	(2,752,494)
 General Revenues:					
State Sources					2,339,531
Grants and Contributions not restricted to specific program					46,171
Local and Other					358,605
Special Item - Forgiveness of Debt					165,142
Total General Revenues and Special Items					2,909,449
Change in Net Position					156,955
Net Position - July 1, 2016					71,101
Net Position - June 30, 2017					\$ 228,056

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

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 87,512	\$ -	\$ 87,512
Due From Other Funds	37,079		37,079
Deposits Receivable	20,833		20,833
Due From Other Agency		37,079	37,079
Prepaid Expenses	644		644
Total Assets	<u>\$ 146,068</u>	<u>\$ 37,079</u>	<u>\$ 183,147</u>
LIABILITIES			
Salaries and Benefits Payable	\$ 110,327	\$ -	\$ 110,327
Due To Other Funds		37,079	37,079
Accounts Payable	213,706		213,706
Total Liabilities	<u>324,033</u>	<u>37,079</u>	<u>361,112</u>
FUND BALANCE			
Nonspendable	21,477	-	21,477
Unassigned	(199,442)	-	(199,442)
Total Fund Balances	<u>(177,965)</u>	<u>-</u>	<u>(177,965)</u>
Total Liabilities and Fund Balance	<u>\$ 146,068</u>	<u>\$ 37,079</u>	<u>\$ 183,147</u>

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

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA**

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

June 30, 2017

Total Fund Balances - Governmental Funds	\$ (177,965)
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	118,021
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Non-current assets do not represent current financial resources and, therefore, are not reported in the governmental funds.	<u>288,000</u>
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Total Net Position - Governmental Activities	<u><u>\$ 228,056</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA**

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

For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues	<u> </u>	<u> </u>	<u> </u>
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 259,664	\$ 259,664
State Sources	2,339,531		2,339,531
Local and Other	70,605		70,605
Total Revenues	<u>2,410,136</u>	<u>259,664</u>	<u>2,669,800</u>
Expenditures			
Current - Education:			
Instruction	\$ 1,299,202	\$ 191,291	\$ 1,490,493
Instructional Staff Training	9,298	22,202	31,500
Board of Education	37,896		37,896
General Administration	86,706		86,706
School Administration	379,028		379,028
Fiscal Services	295,825		295,825
Food Services	1,164		1,164
Student Transportation	138,280		138,280
Operation of Plant	437,049		437,049
Maintenance of Plant	31,128		31,128
Fixed Capital Outlay:			
Other Capital Outlay	69,605	46,171	115,776
Debt Service:			
Principal	165,142		165,142
Total Expenditures	<u>2,950,323</u>	<u>259,664</u>	<u>3,209,987</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(540,187)</u>	<u>-</u>	<u>(540,187)</u>
Other Financing Sources (Uses):			
Debt Forgiveness	165,142		165,142
Total Other Financing Sources (Uses)	<u>165,142</u>	<u>-</u>	<u>165,142</u>
Net Change in Fund Balances	<u>(375,045)</u>	<u>-</u>	<u>(375,045)</u>
Fund Balances, July 1, 2016	<u>197,080</u>	<u>-</u>	<u>197,080</u>
Fund Balances, June 30, 2017	<u>\$ (177,965)</u>	<u>\$ -</u>	<u>\$ (177,965)</u>

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

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017**

Net Change in Fund Balances - Governmental Funds	\$ (375,045)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays (\$115,776) in excess of depreciation expense (\$36,918) in the current period.	78,858
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	165,142
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	<u>288,000</u>
Change in Net Position - Governmental Activities	<u><u>\$ 156,955</u></u>

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Avant Garde Academy K8 of Osceola (“School”), a charter school under Avant Garde Academy, Inc., is a component of the District School Board of Osceola County, Florida (“District”). The School’s charter is held by Avant Garde Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Avant Garde Academy, Inc. as of June 30, 2017, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 Osceola County School Board, Florida, (“District”). The current charter is effective until June 30, 2019, and is subject to annual review and may be renewed by mutual agreement between the School and 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. 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, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund - to account for certain Federal grant program resources.

➤ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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 recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash deposits consist of demand deposits with a financial institution. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Computer Equipment	3 years
Software	3 years

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

➤ **Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District 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 students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2017, the School reported 337.18 unweighted and 356.1716 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

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

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

**AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)**

A Charter School and Component Unit of the District School Board of Osceola County, Florida

**NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2017, the School was not exposed to custodial credit risk.

3. DUE FROM OTHER AGENCY

Amounts Due from Other Agency included in the accompanying statement of net position and balance sheet – governmental funds consists of amounts due from the Charter School Program grant recorded in the Special Revenue Fund. This receivable is considered to be fully collectible and as such, no allowance for uncollectible accounts has been established.

4. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2017, the School’s Special Revenue Fund owed the General Fund \$37,079 for expenditures awaiting reimbursement from other agencies. These amounts are netted together and not reported in the statement of net position.

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ -	\$ 43,219	\$ -	\$ 43,219
Computer Equipment	17,206	70,987	-	88,193
Software	27,394	1,570	-	28,964
Total Capital Assets Being Depreciated	<u>44,600</u>	<u>115,776</u>	<u>-</u>	<u>160,376</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	-	(8,644)	-	(8,644)
Computer Equipment	(1,830)	(18,750)	-	(20,580)
Software	(3,607)	(9,524)	-	(13,131)
Total Accumulated Depreciation	<u>(5,437)</u>	<u>(36,918)</u>	<u>-</u>	<u>(42,355)</u>
Governmental Activities Capital Assets, net	<u>\$ 39,163</u>	<u>\$ 78,858</u>	<u>\$ -</u>	<u>\$ 118,021</u>

All depreciation expense was shown as unallocated on the Statement of Activities.

6. ACCOUNTS PAYABLE – RELATED PARTY

The School reported a payable of \$130,361 to Avant Garde Academy of Osceola, a charter held by the same charter-holder, for expenditures paid by Avant Garde Academy of Osceola on behalf of Avant Garde Academy K8 of Osceola.

AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A Charter School and Component Unit of the District School Board of Osceola County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 165,142	\$ -	\$ (165,142)	\$ -	\$ -
Total Governmental Activities	<u>\$ 165,142</u>	<u>\$ -</u>	<u>\$ (165,142)</u>	<u>\$ -</u>	<u>\$ -</u>

8. DEFICIT FUND BALANCE

The School reported a deficit fund balance in its General Fund of \$177,965 at June 30, 2017. Management expects to receive a pledge of \$288,000, recorded in the statement of net position and statement of activities, during the 2017-18 fiscal year, increases in enrollment and the periodic monitoring of expenses throughout the new school year to alleviate the deficit balances by the end of the 2017-18 fiscal year.

9. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

Source	Amount
<i>STATE:</i>	
Florida Education Finance Program	\$ 1,460,271
Class Size Reduction	365,459
ESE Guaranteed Allocation	163,681
Discretionary Local Effort	85,078
Supplementary Academic Instruction	72,263
Discretionary Millage	68,007
Transportation	61,230
Instructional Materials	26,874
Reading Allocation	14,618
Digital Classroom Allocation	7,983
Safe Schools	5,788
Discretionary Lottery	5,498
Florida Teachers Classroom Assistance Program	2,781
Total State Revenue	<u>\$ 2,339,531</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$86,706.

Accounting policies relating to certain State revenue sources are described in Note 1.

AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A Charter School and Component Unit of the District School Board of Osceola County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

10. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

11. OPERATING AGREEMENT

The School entered into a management agreement for the period June 8, 2015 to June 30, 2030 with LBS Services, Inc. (“Company”). The Company will manage and operate the School during the term of the agreement. An annual fee of 11% of the gross operating revenue less the School’s administrative fee is to be paid in monthly installments. The contract calls for the Company to be responsible for the management, operation, administration, and Educational Program at the School. Fees paid under this agreement with the Company during the fiscal year amounted to \$247,557.

12. RISK MANAGEMENT PROGRAMS

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. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

13. FACILITY LEASE

Avant Garde Academy, Inc., the School’s charter-holder, entered into a lease agreement with Charter School Development Services, Inc. for its educational facility through June 30, 2020. The lease can be renewed for up to four additional five year periods, subject to mutual agreement of both parties. Rent expense charged to operations for the year ended June 30, 2017 totaled \$335,532.

The total future minimum payments for the years ended June 30, are as follows:

Fiscal Year Ending June 30:	Facilities
2018	\$ 421,796
2019	434,450
2020	447,615
Total	<u>\$ 1,303,860</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

14. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2017, may be impaired. In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

15. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF OSCEOLA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND- (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

	General Fund				Major Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 448,000	\$ 259,664	\$ 259,664	\$ -
State Sources	3,967,160	2,339,531	2,339,531	-	-	-	-	-
Local and Other	36	70,605	70,605	-	-	-	-	-
Total Revenues	3,967,196	2,410,136	2,410,136	-	448,000	259,664	259,664	-
Expenditures:								
Current - Education:								
Instruction	1,990,635	1,299,202	1,299,202	-	448,000	191,291	191,291	-
Instructional Staff Training	1,057	9,298	9,298	-	-	22,202	22,202	-
Board of Education	52,088	37,896	37,896	-	-	-	-	-
General Administration	-	86,706	86,706	-	-	-	-	-
School Administration	513,839	379,028	379,028	-	-	-	-	-
Fiscal Services	492,247	295,825	295,825	-	-	-	-	-
Food Services	-	1,164	1,164	-	-	-	-	-
Central Services	60	-	-	-	-	-	-	-
Student Transportation	175,365	138,280	138,280	-	-	-	-	-
Operation of Plant	595,708	437,049	437,049	-	-	-	-	-
Maintenance of Plant	35,163	31,128	31,128	-	-	-	-	-
Administrative Technology Services	1,460	-	-	-	-	-	-	-
Fixed Capital Outlay:								
Other Capital Outlay	-	69,605	69,605	-	-	46,171	46,171	-
Debt Service:								
Principal	6,872	165,142	165,142	-	-	-	-	-
Total Expenditures	3,864,494	2,950,323	2,950,323	-	448,000	259,664	259,664	-
Excess (Deficiency) of Revenues Over Expenditures	102,702	(540,187)	(540,187)	-	-	-	-	-
Other Financing Sources (Uses):								
Debt Forgiveness	-	165,142	165,142	-	-	-	-	-
Total Other Financing Sources (Uses)	-	165,142	165,142	-	-	-	-	-
Net Change in Fund Balance	102,702	(375,045)	(375,045)	-	-	-	-	-
Fund Balances, July 1, 2016	197,080	197,080	197,080	-	-	-	-	-
Fund Balances, June 30, 2017	\$ 299,782	\$ (177,965)	\$ (177,965)	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

AVANT GARDE ACADEMY K8 OF OSCEOLA
(A CHARTER SCHOOL UNDER AVANT GARDE ACADEMY, INC.)
A Charter School and Component Unit of the District School Board of Osceola County, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

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

To the Board of Directors of the Avant Garde Academy K8 of Osceola,
(A charter school under Avant Garde Academy, Inc.)
a Charter School and Component Unit of the
District School Board of Osceola County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avant Garde Academy K8 of Osceola ("School"), a charter school under Avant Garde Academy, Inc. and component unit of the District School Board of Osceola County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 2, 2017.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

October 2, 2017
Tampa, Florida

**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, Charter School Audits**

To the Board of Directors of the Avant Garde Academy K8 of Osceola,
(A charter school under Avant Garde Academy, Inc.)
a Charter School and Component Unit of the
District School Board of Osceola County, Florida

Report on the Financial Statements

We have audited the financial statements of the Avant Garde Academy K8 of Osceola (“School”), a charter school under Avant Garde Academy, Inc. and component unit of the District School Board of Osceola County, Florida, as of and for the fiscal year ended June 30, 2017 and have issued our report thereon dated October 2, 2017.

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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated October 2, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 entity is Avant Garde Academy K8 of Osceola.

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 the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its 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 such recommendations.

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

Purpose of this Letter

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

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

October 2, 2017
Tampa, Florida