

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Financial Statements  
with Independent Auditors' Reports Thereon**

**June 30, 2014**



**M<sup>C</sup>CRADY | HESS**  
CERTIFIED PUBLIC ACCOUNTANTS

## CONTENTS

	<u>Page</u>
<b>Management's Discussion and Analysis</b>	1 – 6
<b>Report of Independent Auditors on Basic Financial Statements and Supplementary Information</b>	7 – 8
<b>Basic Financial Statements:</b>	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Fund	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15 – 25
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule – General Fund	26
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	27 – 28
<b>Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities</i>:</b>	
Management Letter	29 – 31
Management's Rebuttal to Audit Findings	32

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of The Child and Family Developmental Center, Inc. d/b/a Tampa Charter School (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2014. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

**FINANCIAL HIGHLIGHTS**

- ❖ The School's net position improved from prior year by approximately \$42,000.
- ❖ For the fiscal year ended June 30, 2014, the School's revenues exceeded expenses by \$41,869.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the readers in understanding of the financial condition of School. This document also includes the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain services. For the year ended June 30, 2014, the School had no business-type activities or component units.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group or related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

## **Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow and funds available at year-end for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is a legally adopted by management of the School and its Board. A budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

## **Notes to Financial Statements**

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on pages 15 of this report.

This report also includes the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

## GOVERNMENT - WIDE ANALYSIS OF THE SCHOOL

### Net Position

The School's combined net position as of June 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 286,334	\$ 214,250	\$ 72,084
Capital assets, net	28,883	36,958	(8,075)
Total assets	<u>315,217</u>	<u>251,208</u>	<u>64,009</u>
<b>Liabilities:</b>			
Current liabilities	<u>42,600</u>	<u>20,460</u>	<u>22,140</u>
Total liabilities	<u>42,600</u>	<u>20,460</u>	<u>22,140</u>
<b>Net Position:</b>			
Investment in capital assets	28,883	36,958	(8,075)
Unrestricted	<u>243,734</u>	<u>193,790</u>	<u>49,944</u>
Total net position	<u>\$ 272,617</u>	<u>\$ 230,748</u>	<u>\$ 41,869</u>

The increase in current assets is due to the increase in cash due to the current year operating surplus. Current and other liabilities increased during the year due to the timing of payments for accounts payable and accrued expenses. The increase in total net position is due to the current year operating surplus.

## Change in Net Position

The School's total revenues exceeded expenses by approximately \$42,000 in fiscal 2014—see table below.

	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b>Revenues:</b>			
State and local sources	\$ 1,301,469	\$ 1,016,100	\$ 285,369
Contributions and other revenues	81,631	132,734	(51,103)
Total revenues	<u>1,383,100</u>	<u>1,148,834</u>	<u>234,266</u>
<b>Expenses:</b>			
Instruction	623,252	531,035	92,217
Pupil personnel services	10,800	10,800	-
Instructional staff training	200	725	(525)
Board	2,964	1,811	1,153
General administration	60,448	48,420	12,028
School administration	339,202	226,937	112,265
Fiscal services	50,824	52,336	(1,512)
Food service	14,786	15,014	(228)
Operation of plant	238,755	229,562	9,193
Total expenses	<u>1,341,231</u>	<u>1,116,640</u>	<u>224,591</u>
Change in net position	<u>\$ 41,869</u>	<u>\$ 32,194</u>	<u>\$ 9,675</u>

The increase in state and local sources is due to an increase in student enrollment. The change in contributions and other revenues is due to donations received from the management company during fiscal year 2013. There were no donations received from the management company during 2014.

Overall, the majority of the School's expenses remained consistent with prior year. However, the change in instruction was primarily due to increases in teacher wages in connection with the increase in student enrollment during the current fiscal year. The increase in general and administrative expenses is due to increase in marginal costs associated with the increased enrollment experienced during 2014.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

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

### Governmental Funds

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unassigned fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental fund reported a combined fund balance of \$243,734 and an unassigned spendable fund balance of \$136,861.

### General Fund Budgetary Highlights

During the fiscal year, the School amended its general budget twice. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; 3) changes in appropriations necessary to maintain services. With these amendments, there were no significant budget variances.

### CAPITAL ASSETS

At the end of fiscal 2014, the School had invested approximately \$106,000 in capital assets.

	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b>Capital assets</b>			
Leasehold improvement	\$ 75,624	\$ 75,624	\$ -
Furniture, fixtures and equipment	<u>30,286</u>	<u>26,622</u>	<u>3,664</u>
Total capital assets	<u>\$ 105,910</u>	<u>\$ 102,246</u>	<u>\$ 3,664</u>

This year's major capital asset additions included the following:

- Equipment (copier) - \$3,664

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Budget Highlights for the Fiscal Year Ended June 30, 2015**

The budgeted amounts available for appropriation in the general funds are approximately \$1.3 million, consistent with 2014.

Budgeted expenditures in the general fund are approximately \$1.3 million, an increase of approximately \$75,000. The change is primarily due to an anticipated increase in instructional and rent expenses in fiscal year 2015.

If the budgeted amounts are realized, the School's general fund balance is expected to remain the same for the fiscal year ending June 30, 2015.

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

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 6710 86<sup>th</sup> Ave., N., Pinellas Park, FL 33782.



**Report of Independent Auditors on Basic Financial Statements  
and Supplementary Information**

To the Board of Directors of The Child and Family Developmental Center, Inc.,  
d/b/a Tampa Charter School, a Charter School and Component Unit of the District  
School Board of Hillsborough County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of The Child and Family Development Center, Inc. d/b/a Tampa Charter School, a Charter School and Component Unit of the District School Board of Hillsborough, Florida, (the "School") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 - 6 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*McCRA DY HESS*

Maitland, Florida  
September 24, 2014

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Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Statement of Net Position**

**June 30, 2014**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 259,484
Accounts receivable	12,977
Other assets	13,873
Capital assets:	
Furniture, fixtures and equipment	30,286
Leasehold improvements	75,624
Less accumulated depreciation	<u>(77,027)</u>
Total capital assets, net	<u>28,883</u>
Total assets	<u><u>\$ 315,217</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 27,704
Due to affiliate	<u>14,896</u>
Total liabilities	<u>42,600</u>
<b>NET POSITION</b>	
Invested in capital assets	28,883
Unrestricted	<u>243,734</u>
Total net position	<u><u>\$ 272,617</u></u>

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Statement of Activities**

**For the Year Ended June 30, 2014**

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 623,252	\$ -	\$ -	\$ -	\$ (623,252)	\$ (623,252)
Pupil personnel services	10,800	-	-	-	(10,800)	(10,800)
Instructional staff training	200	-	-	-	(200)	(200)
Board	2,964	-	-	-	(2,964)	(2,964)
General administration	60,448	-	-	-	(60,448)	(60,448)
School administration	339,202	-	-	-	(339,202)	(339,202)
Fiscal services	50,824	-	-	-	(50,824)	(50,824)
Food services	14,786	14,909	-	-	123	123
Operation of plant	238,755	-	-	89,494	(149,261)	(149,261)
<b>Total primary government</b>	<b>\$ 1,341,231</b>	<b>\$ 14,909</b>	<b>\$ -</b>	<b>\$ 89,494</b>	<b>(1,236,828)</b>	<b>(1,236,828)</b>
General revenues:						
State and local sources					1,211,975	1,211,975
Contributions and other revenue					66,722	66,722
Total general revenue					1,278,697	1,278,697
Changes in net position					41,869	41,869
Net position at beginning of year					230,748	230,748
Net position at end of year					\$ 272,617	\$ 272,617

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Balance Sheet - Governmental Fund**

**June 30, 2014**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 259,484
Accounts receivable	12,977
Other assets	13,873
Total assets	<u>\$ 286,334</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 27,704
Due to affiliates	14,896
Total liabilities	<u>42,600</u>
<b>FUND BALANCES</b>	
Nonspendable:	
Other assets	13,873
Committed:	
Future capital projects	93,000
Spendable:	
Unassigned	136,861
Total fund balances	<u>243,734</u>
Total liabilities and fund balance	<u>\$ 286,334</u>

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position**

**June 30, 2014**

**Total fund balance - general fund** \$ 243,734

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. The cost of the net assets are \$105,910 and the accumulated depreciation is \$77,027.

28,883

**Total net assets - governmental activities** \$ 272,617

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Statement of Revenues, Expenditures and  
Change in Fund Balances of Governmental Funds**

**For the Year Ended June 30, 2014**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
State and local sources	\$ 1,211,975	\$ 89,494	\$ 1,301,469
Contributions and other revenue	81,631	-	81,631
<b>Total revenues</b>	<b>1,293,606</b>	<b>89,494</b>	<b>1,383,100</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	615,490	-	615,490
Pupil personnel services	10,800	-	10,800
Instructional staff training	200	-	200
Board	2,964	-	2,964
General administration	60,448	-	60,448
School administration	335,225	-	335,225
Fiscal services	50,824	-	50,824
Food services	14,786	-	14,786
Operation of plant	149,261	89,494	238,755
Capital outlay	3,664	-	3,664
<b>Total expenditures</b>	<b>1,243,662</b>	<b>89,494</b>	<b>1,333,156</b>
<b>Net changes in fund balances</b>	<b>49,944</b>	<b>-</b>	<b>49,944</b>
Fund balances at beginning of year	193,790	-	193,790
Fund balances at end of year	<b>\$ 243,734</b>	<b>\$ -</b>	<b>\$ 243,734</b>

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
To the Statement of Activities**

**For the Year Ended June 30, 2014**

<b>Net changes in fund balance - general fund</b>	<b>\$ 49,944</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,664) exceeds depreciation expense (\$11,739) in the current period.

(8,075)

<b>Change in net position of governmental activities</b>	<b>\$ <u>41,869</u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2014**

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

**Organization**

The Child and Family Developmental Center, Inc., d/b/a Tampa Charter School (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Hillsborough County Florida (the "School Board"). The School operates under the registered fictitious name of "Tampa Charter School." The governing body of the School is the Board of Directors of Tampa Charter School, which is composed of at least three members.

**Charter Contract**

The current charter expires June 30, 2028 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

Program revenues include charges paid by the recipient for goods and services offered by the program, grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue.

**Fund Financial Statements**

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are major individual governmental funds reported in the fund financial statements:

- General Fund – is the School's primary operating fund that accounts for all financial resources of the school, except those require to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For the purpose of these statements, the general and capital projects funds are considered major funds.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reports 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 reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing of the related cash flows take place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Budgetary Basis Accounting**

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

**Cash and Cash Equivalents**

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

The School maintains its cash with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant risks.

**Capital Assets and Depreciation**

The School's capital assets with useful lives of more than one year are stated at historical costs and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date of donated. The School capitalizes assets with a cost of \$1,000 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful live are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Leasehold improvements	5
Furniture, fixtures and equipment	3 – 5

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Net position and Fund Balance Classifications**

*Government-wide financial statements*

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital asset 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 – consist of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There were no restricted balances as of June 30, 2014.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*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:

- Non-spendable – 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 non-spendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. There were no restricted balances as of June 30, 2014.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance classification includes amounts that are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. There were no assigned balances as of June 30, 2014.
- 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.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Board Designations for Capital Projects**

During the fiscal year ending June 30, 2009, the Board of Directors designated \$50,000 to be used for future capital projects of the School. As of June 30, 2014, this amount is reported as a committed fund balances in the accompanying Balance Sheet – Governmental Fund.

**Order of Fund Balance Spending Policy**

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

**Revenue Sources**

Revenues for operations are provided primarily from the District School Board of Hillsborough County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of FTE 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 FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative fee is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administration fee is calculated on the FEFP Revenue, for up to 250 students.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) the School's un-weighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the Florida 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 2013-2014 school year, the School reported 172.0 un-weighted FTE. Weighted funding represented approximately 6% of total state funding.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
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**A Charter School and Component Unit of the  
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**Notes to Financial Statements  
(continued)**

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the 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 certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1011.62(1)(e), Florida Statutes, and Rule 6A-6.03411, FAC)

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

**Use of Estimates**

In preparing the financial statements in conformity with accounting principles generally accepted 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 balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**2. ACCOUNTS RECEIVABLE**

Accounts receivable included in the accompanying financial statements includes \$12,977 of miscellaneous amounts due to the School. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets:</b>				
Furniture, fixtures & equipment	\$ 26,622	\$ 3,664	\$ -	\$ 30,286
Leasehold improvements	75,624	-	-	75,624
Total capital assets	<u>102,246</u>	<u>3,664</u>	<u>-</u>	<u>105,910</u>
<b>Accumulated depreciation:</b>				
Furniture, fixtures & equipment	(23,283)	(2,989)	-	(26,272)
Leasehold improvements	(42,005)	(8,750)	-	(50,755)
Total accumulated depreciation	<u>(65,288)</u>	<u>(11,739)</u>	<u>-</u>	<u>(77,027)</u>
Capital assets, net	<u>\$ 36,958</u>	<u>\$ (8,075)</u>	<u>\$ -</u>	<u>\$ 28,883</u>
<b>Depreciation expense:</b>				
Instruction			\$ 7,762	
School administration			<u>3,977</u>	
Total governmental activities depreciation expense			<u>\$ 11,739</u>	

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**4. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources

**District School Board of Hillsborough County, Florida:**

Florida Education Finance Program	\$ 783,204
Class size reduction	204,937
Capital outlay funding	89,494
ESE guaranteed allocation	56,311
Discretionary local effort	47,209
Supplemental academic instruction	39,000
Teacher salary allocation	34,016
Discretionary millage funds	26,422
Instructional materials	15,627
Safe school	3,283
Discretionary lottery	1,915
Teacher lead funds	2,440
Other state and local revenues	1,280
Proration to funds available	<u>(3,669)</u>
Total	<u>\$ 1,301,469</u>

The administrative fee paid to the School Board during the year ended June 30, 2014 totaled approximately \$60,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

**5. RISK MANAGEMENT PROGRAM**

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**6. RELATED PARTY TRANSACTIONS**

The School has entered into a management agreement with LLL Licensing, Inc., (“LLL Licensing”). LLL Licensing is partially owned by the president of The Child and Family Developmental Center, Inc. There is no overlap of membership between the Board of Directors of Tampa Charter School and the corporation Board of Directors for The Child and Family Developmental Center, Inc. The president is not a member of either board and is not employed by the School.

Under the annual management agreement, LLL Licensing provides the daily administrative, ESE support, and curriculum management services to the School for a monthly fee calculated based upon 8% of federal, state and local revenues (FEFP and capital outlay), excluding fundraising, donations, activity fees, and the School Board’s administrative fee. The agreement is annually renewed unless terminated by either party or amended by agreement of both parties. Amounts paid to LLL Licensing during fiscal year 2014 totaled approximately \$99,040, which is reflected as a school administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

Amounts payable to related parties as of June 30, 2014 for reimbursable operation cost are approximately \$14,896 and are included in due to affiliates on the statement of net position and the balance sheet – governmental funds.

During fiscal 2014, services of a psychologist were provided by the above individual who is a partial owner of LLL Licensing, which was included as part of the management fee. Expenses related to these services were approximately \$10,800 during fiscal 2014 and are included in the pupil personnel services in the accompanying financial statements.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**7. COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost 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 receivable at year end may be impaired.

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

**Legal matters**

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

**Lease commitments**

The School leases its facility under a non-cancelable operating lease. The lease contains varying renewal options and requires the School to pay insurance and other cost. The School's original lease expired July 31, 2011. The School has been operating on one-year lease extension since 2011. The School has entered into another one-year lease extension through July 31, 2015.

For the year ended June 30, 2014, rental expense for these leases was \$177,585 which is reflected as an operation of plant expense/expenditure in the accompanying financial statements.

**8. INCOME TAXES**

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the 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.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**9. SUBSEQUENT EVENTS**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 24, 2014 which is the date the financial statements were available to be issued.

Since the close of the fiscal year, the School registered with the Florida Department of State Division of Corporations for a new fictitious name. Effective July 1, 2014 the official title of the entity is The Child and Family Developmental Center, Inc. d/b/a Horizon Charter School of Tampa.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.  
d/b/a TAMPA CHARTER SCHOOL**

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

**Required Supplementary Information**

**Budgetary Comparison Schedule - General Fund**

**For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State and local sources	\$ 1,131,892	\$ 1,211,975	\$ 1,211,975	\$ -
Contributions and other revenue	111,080	77,880	81,631	3,751
Total revenues	<u>1,242,972</u>	<u>1,289,855</u>	<u>1,293,606</u>	<u>3,751</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	553,929	626,783	615,490	11,293
Pupil personnel services	-	10,800	10,800	-
Instruction staff training	725	200	200	-
Board	2,000	2,964	2,964	-
General administration	56,520	60,447	60,448	(1)
School administration	323,047	346,406	335,225	11,181
Fiscal services	57,000	51,000	50,824	176
Food services	19,000	15,000	14,786	214
Operation of plant	182,467	149,542	149,261	281
Capital outlay	-	-	3,664	(3,664)
Total expenditures	<u>1,194,688</u>	<u>1,263,142</u>	<u>1,243,662</u>	<u>19,480</u>
Net changes in fund balance	48,284	26,713	49,944	23,231
Fund balance at beginning of year	<u>193,790</u>	<u>193,790</u>	<u>193,790</u>	<u>-</u>
Fund balance at end of year	<u>\$ 242,074</u>	<u>\$ 220,503</u>	<u>\$ 243,734</u>	<u>\$ 23,231</u>

See report of independent auditors.



**M<sup>C</sup>CRADY | HESS**  
CERTIFIED PUBLIC ACCOUNTANTS

**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 Child and Family Developmental Center, Inc.,  
d/b/a Tampa Charter School, a Charter School and Component Unit of the District  
School Board of Hillsborough 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 and each major fund of The Child and Family Development Center, Inc. d/b/a Tampa Charter School, a Charter School and Component Unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 24, 2014.

**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 School's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Finding 2014-1 Insurance: The charter school contract between The Child and Family Development Center, Inc., d/b/a Tampa Charter School and the School Board of Hillsborough County, Florida effective May 21, 2013 requires crime and theft coverage in the amount of no less than \$100,000. Based on our audit procedures, it did not appear adequate insurance coverage was in effect for crime in theft only for the period ending June 30, 2014. Please note insurance requirements may change if the contract is renewed or amended and in this case there was an amendment. Therefore, once the school became aware of the requirement, required coverage was purchased.

### Purpose of this Report

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

This report is intended solely for the information and use of management of the School, the District School Board of Hillsborough County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*McCready Hess*

Maitland, Florida  
September 24, 2014

2600 Lake Lucien Drive, Suite 405 ■ Maitland, FL 32751

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**Additional Information Required by  
Rules of the Auditor General,  
Chapter 10.850, *Audits of Charter Schools  
and Similar Entities***



**M<sup>c</sup>CRADY | HESS**  
CERTIFIED PUBLIC ACCOUNTANTS

**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 Child and Family Developmental Center, Inc.,  
d/b/a Tampa Charter School, a Charter School and Component Unit of the District  
School Board of Hillsborough County, Florida

**Report on the Financial Statements**

We have audited the financial statements of Tampa Charter School (the "School") as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 13, 2014.

**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.

**Other Reporting Required by Government Auditing Standards**

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.

**Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, required 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 finding or recommendations made in the preceding annual financial audit report.

**Financial Condition**

Sections 10.854 (1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply 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 apply appropriate procedures to determine 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 findings.

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 have a finding as indicated in Finding 2014-1 on page 28.

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 The Child and Family Developmental Center, Inc. d/b/a Tampa Charter School.

## Purpose of this Letter

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

*McCRA DY HESS*

Maitland, Florida  
September 24, 2014

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**Horizon Charter School of Tampa  
(Formerly Tampa Charter School)**

5429 Beaumont Center Blvd.  
Suite 800  
Tampa, FL 33634  
813-887-3800  
FAX 813-885-9626

A Non-profit Corporation

September 26, 2014

Stacy Z. McCrady  
McCrady Hess CPAS  
2600 Lake Lucien Drive  
Suite 405  
Maitland, FL 32751

Re: Tampa Charter School 2013-14 Audit

Dear Ms. McCrady,

As indicated in the draft financial statements, the charter school contract between The Child and Family Development Center, Inc., d/b/a Tampa Charter School and the School Board of Hillsborough County, Florida effective May 21, 2013 requires crime and theft coverage in the amount of no less than \$100,000. Adequate insurance coverage was not in effect for crime in theft only for the period ending June 30, 2014. Once the school became aware of the requirement, required coverage was purchased. The coverage is in effect for the 2014-15 school year, and the school administration will ensure that coverage remains in effect for future years as required by the charter contract. At the time of insurance renewal each year, coverage requirements from the contract will be reviewed and provided to the insurance agency.

Sincerely,



Andrew P. Hicks, Ph.D.  
Administrator