
BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2007

RECEIVED
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AUDITOR GENERAL

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Broward Community Charter School West, Inc. ("the School") a component unit of The School Board of Broward County as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 15, 2007, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida
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The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. I have applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprised the School's basic financial statements. The accompanying Supplementary Schedule of Expenditures, Budget and Actual – Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mark E. Ewing, P.A.

Palm Beach Gardens, Florida
September 15, 2007

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Our discussion and analysis of Broward Community Charter School West, Inc.'s ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2007.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School's financial statements which begin on page 7.

For financial statement purposes the School is considered a component unit of The School Board of Broward County which is a primary government entity for financial reporting. The School has included separate statements for the Governmental Fund Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Assets and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School's daily enrolment for fiscal year ended June 30, 2007 was 270 students. This was approximately the same amount budgeted. The School expects to have an enrolment of 285 students for the school year 2007-2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are recorded when received.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 12-17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$117,565 at June 30, 2007.

NET ASSETS

Current and Other Assets	\$ 17,803
Capital Assets	206,485
Total Assets	<u>\$ 224,288</u>
Other Liabilities	106,723
Total Liabilities	<u>\$ 106,723</u>
Investment in Capital Assets	\$ 206,485
Unrestricted	(88,920)
Total Net Assets	<u>\$ 117,565</u>

Revenues from governmental activities totaled \$1,647,800 for the year ended June 30, 2007. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 90.6% of total revenue.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>		<u>% of Total</u>
State Sources	\$ 1,494,050	71.1
Local Sources	454,000	21.6
Federal Sources	153,750	7.3
TOTAL	\$ 2,101,800	100.0

Local revenue sources are primarily Grants. Increases in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>		<u>% of Total</u>
Instruction	\$ 906,154	45.6
ESE Instructional Curriculum Development	47,320	2.4
Board Services	6,364	-
School Administration	171,847	8.7
Facilities Acquisition	148,396	7.5
Fiscal Services	276,394	13.9
Food Services	77,486	3.9
General Administration	11,973	.6
Operation of Plant	74,702	3.8
Maintenance of Plant	184,439	9.8
Debt Service	32,731	1.6
Depreciation	22,774	1.1
TOTAL	\$ 1,984,235	100.0

BUDGETARY HIGHLIGHTS

Revenues from all sources were not significantly different from amounts budgeted. The difference was only \$35,087 more actual than budgeted revenues.

School Expenditures were greater than budgeted by approximately \$280,000, primarily because the costs to set up the facilities were \$212,000 more than budget and insurance costs of \$57,000 included in Operation of Plant were not budgeted. The differences in the School's other expenditures were not significant.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

BUDGETARY HIGHLIGHTS (Cont'd.)

Total fund deficit of the General Fund was \$88,920 at June 30, 2007.

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2007 was \$206,485 (net of depreciation). The investment includes leasehold improvements, furniture and fixtures, computer equipment. The following is a summary of capital assets balances at June 30, 2007:

Leasehold Improvements	\$170,000
Furniture and Fixtures	56,140
Computer Equipment	<u>4,000</u>
	230,140
Accumulated Depreciation	<u>(23,655)</u>
	<u>\$206,485</u>

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- . The Administration believes that the School will achieve a high rating from the Department of Education.
- . The School should surpass its budgeted amount of 285 students for the school year 2007 – 2008.
- . The Administration believes that the School will continue to be successful and contribute to the educational requirements of Broward County.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Governmental Fund Balance Sheet/Statement of Net Assets
June 30, 2007

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$4,104		\$4,104
Prepayments	1,000		1,000
Accounts Receivable	12,699		12,699
Capital Assets		206,485	206,485
Total Assets	<u>\$17,803</u>	<u>\$206,485</u>	<u>\$224,288</u>
LIABILITIES			
Accounts Payable	\$40,521		40,521
Accrued Salaries	66,202		66,202
Total Liabilities	<u>106,723</u>		<u>106,723</u>
FUND BALANCE/NET ASSETS			
Undesignated	<u>(88,920)</u>	<u>88,920</u>	
Total Liabilities and Fund Balance	<u>\$17,803</u>		
Net Assets			
Investment in capital assets		206,485	206,485
Unrestricted		<u>(88,920)</u>	<u>(88,920)</u>
Total Net Assets		<u>\$117,565</u>	<u>\$117,565</u>

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Reconciliation of the Governmental Funds
Balance Sheet To The Statement of Net Assets
June 30, 2007

Fund Balance- Governmental Funds		(\$88,920)
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$230,140	
Less accumulated depreciation	<u>(23,655)</u>	
		206,485
 Net Assets of Governmental activities		 <u><u>\$117,565</u></u>

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Statement of Governmental Fund/Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
Year ended June 30, 2007

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
State sources	\$1,494,050		\$1,494,050
Local sources	454,000		454,000
Federal sources	153,750		153,750
TOTAL REVENUES	<u>2,101,800</u>	<u> </u>	<u>2,101,800</u>
EXPENDITURES/EXPENSES			
Instruction	906,154		906,154
ESE Instructional	47,320		47,320
Curriculum Development	6,364		6,364
Board Services	171,847		171,847
School Administration	148,396		148,396
General Administration	74,702		74,702
Food Services	11,973		11,973
Fiscal Services	77,486		77,486
Facilities Acquisition	276,394		276,394
Operation of Plant	184,439		184,439
Plant Maintenance	32,731		32,731
Debt Service	22,774		22,774
Capital Outlay	230,140	(230,140)	
Depreciation		23,655	23,655
TOTAL EXPENSES	<u>2,190,720</u>	<u>(206,485)</u>	<u>1,984,235</u>
EXCESS OF REVENUES OVER EXPENDITURES	(88,920)	(206,485)	117,565
FUND BALANCE/NET ASSETS	-	-	-
End of Year	<u>(\$88,920)</u>	<u>\$ (206,485)</u>	<u>\$117,565</u>

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds To The
Statement of Activities
June 30, 2007

Net Changes in Fund Balances- Governmental Funds (\$88,920)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$230,140	
Less current year depreciation	<u>(23,655)</u>	
		<u>206,485</u>

Change in Net Assets of Governmental Activities	<u><u>\$117,565</u></u>
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The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2007

	Governmental Funds		
	Budget	Actual	Variance
REVENUES:			
State sources	\$1,468,862	\$1,494,050	\$25,188
Local sources	439,350	454,000	14,650
Federal Sources	158,501	153,750	(4,751)
TOTAL REVENUES	<u>2,066,713</u>	<u>2,101,800</u>	<u>35,087</u>
EXPENDITURES:			
Instruction	870,273	906,154	35,881
ESE Instructional	38,100	47,320	9,220
Curriculum Development	16,745	6,364	(10,381)
Instructional Staff Training	5,450		(5,450)
Board Services	167,064	171,847	4,783
School Administration	115,795	148,396	32,601
General Administration	81,368	74,702	(6,666)
Fiscal Services	82,335	77,486	(4,849)
Food Services	55,000	11,973	(43,027)
Facilities Acquisition	283,000	276,394	(6,606)
Operation of Plant	124,614	184,439	59,825
Plant Maintenance	25,000	32,731	7,731
Debt Service	27,500	22,774	(4,726)
Capital Outlay	18,000	230,140	212,140
EXPENDITURES	<u>\$1,910,244</u>	<u>\$2,190,720</u>	<u>\$280,476</u>
Net Changes in Fund Balance	<u>\$156,469</u>	<u>(88,920)</u>	<u>(\$245,389)</u>
Fund Balance, beginning of year			
Fund balance, end of year		<u>(\$88,920)</u>	

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Broward Community Charter School West, Inc. (“the School”) was established as a nonprofit organization in March 2006 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with The School Board of Broward County, Florida. Under the Contract the School provides an education to children, from Kindergarten through the fifth grade, who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the School is considered a component unit of The School Board of Broward County which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract is effective through June 30, 2011. The Contract requires The School Board to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School has applied to be a tax-exempt organization under 501(C)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Assets and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general fund. All other governmental fund types are not major funds. In the Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (cont'd.)

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

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 (i.e. salaries, purchased services, and capital outlay).

Capital Assets

Capital assets purchased or acquired with an original cost of \$750 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Fixtures	5-10 Years
Computer Equipment	5 Years

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 were as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Leasehold Improvements	\$ -	\$ 170,000	\$ -	\$ 170,000
Furniture & Fixtures	-	56,140	-	56,140
Computer Equipment	-	4,000	-	4,000
	-	230,140	-	230,140
Less Accumulated Depreciation	-	23,655	-	23,655
NET CAPITAL ASSETS	\$ -	\$ 206,485	\$ -	\$ 206,485

Depreciation expense of \$23,655 was unallocated during the year ended June 30, 2007.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description

The School participated in the Florida Retirement System (“the System”), a cost-sharing multi-employer public retirement system (“PERS), which covers substantially all of the School’s full time and part time employees. All eligible employees, as defined by the State, are covered by the System. Benefits under the Plan vest after six years of service.

Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit, payable monthly for life. The System also provides for death and disability benefits. The benefit provisions and all other requirements are established by the State Statutes.

The State of Florida issued a publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy

Under the System, the School was required to contribute, effective July 1, 2006, 9.85% of the salary of all employees. The required contribution by the School to the System for the fiscal year ended June 30, 2007, was \$61,236.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 4 – DEBT

Debt activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Notes Payable	\$ -	\$ 225,000	\$ 225,000	\$ -

The School repaid its debt during the year ended June 30, 2007. Interest paid amounted to \$22,774. The Notes Payable were made to the School by Broward Community Charter School and Broward Community Charter Middle School in the amounts of \$100,000 and \$125,000 respectively. (See NOTE 6).

NOTE 5 – CONTRACTS

Prior to opening, the School had a contract with a company to provide services to get the School open as of July 1, 2006. The contract was for \$50,000 payable out of the Federal Grant revenues received and included professional and technical assistance and the purchasing of computers and school supplies for which they were reimbursed. This contract expired on June 30, 2006.

The School has a contract with a company to manage the operations of the School and to provide consulting services. The term of the contract is for 5 years and expires on June 30, 2011. Under the terms of the Contract the company received 4% of revenues of the School. Fees paid under this contract for the year ended June 30, 2007 were approximately \$67,000.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Board of Directors for this School is the same Board of Directors for two other Charter Schools that are all located in the same City: Broward Community Charter School and Broward Community Charter Middle School. The School has a contract to sublease its facilities from Broward Community Charter School. (See NOTE 7).

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The School subleased its administrative and classroom facilities from a related entity (see Note 6) under a ten year non-cancelable operating lease that expires in January 2017. Annual rental expenses were approximately \$276,000 for the year ended June 30, 2007. Minimum payments under this lease, are as follows.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Cont'd.)

Lease Agreement (Cont'd.)

June 30,

2008	\$	288,000
2009		301,000
2010		318,000
2011		334,000
2012		350,000
2013-2017		1,883,000
	\$	<u>3,474,000</u>

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation.

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School. A review of the last year reveals that settled claims have not exceeded insurance coverage.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Supplemental Schedule of Expenditures
Budget and Actual- Governmental Funds
Year Ended June 30, 2007

	Governmental Funds		
	Amended and Final Budget	Actual	Variance
Instructional			
Salaries	\$578,487	\$639,814	\$61,327
Payroll Taxes	15,619	52,451	36,832
Fringe Benefits	106,324	114,475	8,151
Contracted Services	14,127	12,453	(1,674)
Software	15,000		(15,000)
Technology Support	27,500	9,726	(17,774)
Travel	8,016	10,285	2,269
Instructional materials	101,600	37,457	(64,143)
Purchased Services	3,600	29,493	25,893
Total Instructional	<u>\$870,273</u>	<u>\$906,154</u>	<u>\$35,881</u>
ESE Instructional			
Contracted Services	<u>\$38,100</u>	<u>\$47,320</u>	<u>\$9,220</u>
Curriculum Development			
Testing and Assessment	<u>\$16,745</u>	<u>\$6,364</u>	<u>(\$10,381)</u>
Instructional Staff Training			
Staff Development	<u>\$5,450</u>		<u>(\$5,450)</u>
Board Services			
Contract Services	\$140,414	\$117,688	(\$22,726)
Insurance	12,000	32,328	20,328
Professional	10,500	10,483	(17)
Purchased services	4,150	11,348	7,198
Total Board Services	<u>\$167,064</u>	<u>\$171,847</u>	<u>\$4,783</u>
School Administration			
Salaries	\$55,000	\$55,679	\$679
Payroll taxes	1,485	4,628	3,143
Fringe Benefits	10,110	11,969	1,859
Contracted Services	40,360	37,076	(3,284)
Advertising	5,000	11,292	6,292
Office Expenses	3,840	23,756	19,916
Travel		3,996	3,996
Total School Administration	<u>\$115,795</u>	<u>\$148,396</u>	<u>\$26,920</u>
Facilities Acquisition			
Facility lease	<u>\$283,000</u>	<u>\$276,393</u>	<u>(\$6,607)</u>

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Supplemental Schedule of Expenditures
Budget and Actual- Governmental Funds
Year Ended June 30, 2007

	Governmental Funds		
	<u>Amended and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Administration			
District Admin fees	<u>\$81,368</u>	<u>\$74,202</u>	<u>(\$7,166)</u>
Fiscal Services			
Professional & Technical	<u>\$82,335</u>	<u>\$77,486</u>	<u>(\$4,849)</u>
Food Services			
Food Supplies	<u>\$55,000</u>	<u>\$11,973</u>	<u>(\$43,027)</u>
Operation of Plant			
Salaries	\$30,000	\$25,536	(\$4,464)
Payroll taxes	810	2,121	1,311
Fringe Benefits	5514	8,139	2,625
Contracted services	35,550	37,549	1,999
Insurance	0	56,982	56,982
Communication	10,800	5,184	(5,616)
Utilities	38,340	43,898	5,558
Supplies	3,600	5,030	1,430
Total Operation of Plant	<u>\$124,614</u>	<u>\$184,439</u>	<u>\$59,825</u>
Plant Maintenance			
Repairs and Maintenance	<u>\$25,000</u>	<u>\$32,731</u>	<u>\$7,731</u>
Debt Service			
Interest	<u>\$27,500</u>	<u>\$22,774</u>	<u>(\$4,726)</u>
Capital Outlay			
Building and Equipment	<u>\$18,000</u>	<u>\$230,140</u>	<u>\$212,140</u>

Mark Escoffery, P.A.

Certified Public Accountant

4241-A Northlake Boulevard
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

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 Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida

I have audited the financial statements of Broward Community Charter School West, Inc., (“the School”) as of and for the ended June 30, 2007, and have issued my report thereon dated September 15, 2007. I conducted my 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 of America.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School’s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting, which I have reported to Management of the School in a separate letter dated September 15, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of law, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida
Page 2

This report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mark EscOFFER, P.A.

Palm Beach Gardens, Florida
September 15, 2007

Mark Escoffery, P.A.

Certified Public Accountant

4241-A Northlake Boulevard
Palm Beach Gardens, FL 33410

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MANAGEMENT LETTER

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida

I have audited the financial statements of Broward Community Charter School West, Inc., (“the School”) as of and for the year ended June 30, 2007, and have issued my report thereon dated September 15, 2007.

I have issued my independent auditor’s report on compliance and on internal control over financial reporting dated September 15, 2007. Disclosures in that report, if any, should be considered in conjunction with this Management Letter.

I conducted my 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 of America. Additionally, my audit was conducted in accordance with the Provision of Chapter 10.850, **Rules of the Auditor General**, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

The **Rules of the Auditor General** Section 10.854(1)(d)2 require that I comment on whether the School has met any of the conditions described in Section 218.503(1), Florida Statutes. The School has met one of the conditions described in Section 218.503(1), Florida Statutes. This is discussed in the Management Letter Comments on Page 23.

The **Rules of the Auditor General** Section 10.854(1)(d)5 require that I state whether there were any findings or recommendations made for the current year. There are findings and recommendations made for the current year. These are noted on Pages 23-24.

**BROWARD COMMUNITY CHARTER SCHOOL, WEST, INC.
CURRENT YEAR MANAGEMENT LETTER COMMENTS**

FINANCIAL

Observation

Under Florida Statutes Section 218.503 2(a) The School has reported a deficit unrestricted fund balance of \$88,920. This raises questions about the financial stability of the School

RECOMMENDATION

If the School can maintain its current enrollment throughout fiscal year 2007-2008 then it should be able to erase the fund deficit as it should not have to spend significant resources for capital assets.

PROPERTY AND EQUIPMENT

Observation

It was noted during the audit that the School did not capitalize fixed assets purchased.

RECOMMENDATION

The School should capitalize all fixed assets in excess of \$750 as per the capitalization policy in their accounting procedures manual. A detailed fixed assets register should also be created and an annual physical inspection done and reconciled to the detailed fixed asset register.

CASH MANAGEMENT

Observation

It was noted during the audit that the authorization transmittals sent to outside accountants were not initialed by the Management Company representative as evidence that the transmittals were authorized. Also, not all disbursements were authorized and approved by the Management Company for payment.

RECOMMENDATION

In order to improve internal accounting control over cash disbursements it is recommended that all transmittals be signed or initialed by a supervisor of the Management Company. This will reduce the possibility of unauthorized disbursements and strengthen cash management.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
CURRENT YEAR MANAGEMENT LETTER COMMENTS
(Continued)**

OTHER CURRENT YEAR COMMENTS

My report did not disclose any additional items that would be required to be reported under Chapter 10.854(1)(d) *Rules of the Auditor General*.

The Report is intended solely for the information and use of the School's Board Members, Management, pass-through entities and the State of Florida Office of the Auditor General and is not intended and should not be used by anyone other than these specified parties.

Mark Escoffery, P.A.

Palm Beach Gardens, Florida
September 15, 2007

**BROWARD
COMMUNITY
Charter
School
West**

11401 NW 56th Drive
Coral Springs, FL 33076
Phone: 954-227-5133
FAX: 954-227-0433
www.browardcharter.org

September 27, 2007

Mark Escoffery
Certified Public Accountant
4241-A Northlake Blvd
Palm Beach Gardens, FL 33410

Dear Mr. Escoffery:

On behalf of the board of directors of the school, I have been directed to send you the following responses to your audit findings:

FINANCIAL

The School has a detailed financial plan to eliminate the deficit and maintain its financial integrity.

PROPERTY AND EQUIPMENT

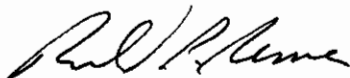
The School maintains a detailed depreciation schedule. We will conduct a physical inventory and reconciliation annually.

CASH MANAGEMENT

It is inefficient to approve certain recurring payments individually. We will have these payments approved in advance by signed authorization annually.

Thank you for your assistance.

Sincerely,



Ronald P. Renna

RECEIVED

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AUDITOR GENERAL