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AUDITOR GENERAL
LOCAL GOVERNMENT

CARING & SHARING LEARNING
SCHOOL

NO 310
AUDIT REPORT

JUNE 30, 2007

REVIEW COPY

**Audit Report
Caring & Sharing Learning School
June 30, 2007**

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Independent Auditors' Report

To the Board of Directors
Caring & Sharing Learning School, Inc.

Certified Public Accountants
& Business Consultants

*A Partnership Consisting of
Professional Associations*

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We have audited the accompanying financial statements of the governmental activities and each major fund of the Caring & Sharing Learning School (the "School"), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. 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 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2007 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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, we did not audit the information and express no opinion on it.

Davis, Monk & Company

September 10, 2007
Gainesville, Florida

Members:

CPAmerica International

Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath International

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2007:

- The School's overall net assets increased by approximately \$28,000.
- Total ending unrestricted net assets were approximately \$169,000.
- The School had total expenses for the year of about \$814,000, compared to revenues of approximately \$842,000.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Assets. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

- Governmental funds – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains three individual governmental funds. The General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, accordingly, are separately displayed. The School has no nonmajor funds.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net assets and changes in net assets.

Net Assets

	2007	2006
	Governmental Activities	Governmental Activities
Assets:		
Non-capital Assets	\$ 190,498	\$ 253,135
Capital Assets	510,472	426,439
Total Assets	<u>700,970</u>	<u>679,574</u>
Liabilities:		
Current Liabilities	17,666	16,946
Non Current Liabilities	3,831	11,335
Total Liabilities	<u>21,497</u>	<u>28,281</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	510,472	422,604
Restricted for Public Education Capital Outlay	147	91,208
Unrestricted	168,854	137,481
Total Net Assets	<u>\$ 679,473</u>	<u>\$ 651,293</u>

Change in Net Assets

Program Revenues:		
Charges for Services	\$ 9,556	\$ 6,475
Capital Grants & Contributions	73,490	38,905
General Revenues:		
Title I Grant	86,297	84,961
Florida Education Finance Program	595,020	507,370
Other State Revenue	68,017	68,271
Unrestricted Grants & Contributions	6,779	8,045
Unrestricted Investment Earnings	3,317	4,122
Total Revenues	<u>842,476</u>	<u>718,149</u>
Program Expenses:		
Instruction	571,671	547,515
Instructional Support Services	11,232	26,549
General Support	228,960	193,334
Community Services	2,268	1,814
Interest on Long-Term Debt	165	342
Total Expenses	<u>814,296</u>	<u>769,554</u>
Change in Net Assets	28,180	(51,405)
Beginning Net Assets	651,293	702,698
Ending Net Assets	<u>\$ 679,473</u>	<u>\$ 651,293</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$83,046 in program revenues and \$759,430 of general revenues, and incurred \$814,296 of program expenses. This resulted in a \$28,180 increase in net assets.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$43,920, from \$131,165 to \$175,085. The staff members and Board members work with the Director in determining the School's needs and materials and supplies to purchase. Their long range plan is instrumental in helping the School remain on target when it comes to spending money.

Special Revenue Fund

The Special Revenue Fund's fund balance remained constant at \$0 because the School spends all funds received from grants as soon as possible.

Capital Projects Fund

The Capital Projects Fund's fund balance decreased by \$55,638 from \$55,785 to \$147 because the School has begun spending money to add a P/E and multipurpose room to the building.

BUDGETARY HIGHLIGHTS

The School's General Fund budget was overexpended because budget amendments were not made to reflect unanticipated revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School built the William Scotsman Building during the year for \$97,364. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration

The School incurred no new debt during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

Management is not aware of any economic conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Simon Johnson, Principal, Gainesville, Florida.

Statement of Net Assets
June 30, 2007
Caring & Sharing Learning School

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 180,458
Accounts Receivable	96
Due From Other Governments	9,944
Capital Assets:	
Land Improvements	23,700
Depreciable Capital Assets, Net	<u>486,772</u>
 TOTAL ASSETS	 <u>700,970</u>
 <u>LIABILITIES</u>	
Accounts Payable	15,266
Long-term Liabilities:	
Due Within One Year	2,400
Due in More than One Year	<u>3,831</u>
 TOTAL LIABILITIES	 <u>21,497</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets	510,472
Restricted for Public Education Capital Outlay	147
Unrestricted	<u>168,854</u>
 TOTAL NET ASSETS	 <u><u>\$ 679,473</u></u>

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2007
Caring & Sharing Learning School

	PROGRAM REVENUES				NET
<u>EXPENSES</u>	<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL</u>		(EXPENSE)
<u>FUNCTIONS/PROGRAMS</u>	<u>SERVICES</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>		REVENUE AND
		<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>		CHANGE IN
					<u>NET ASSETS</u>
Instruction	\$ 571,671	\$ 5,278	\$ -	\$ -	\$(566,393)
Instructional Support Services	11,232	-	-	-	(11,232)
General Support	228,960	-	-	73,490	(155,470)
Community Services	2,268	4,278	-	-	2,010
Interest on Long-term Debt	165	-	-	-	(165)
TOTAL	<u>\$ 814,296</u>	<u>\$ 9,556</u>	<u>\$ -</u>	<u>\$ 73,490</u>	<u>(731,250)</u>
GENERAL REVENUES:					
Title I Grant					86,297
Florida Education Finance Program					595,020
Unrestricted Grants and Contributions					74,796
Unrestricted Investment Earnings					<u>3,317</u>
TOTAL GENERAL REVENUES					<u>759,430</u>
CHANGE IN NET ASSETS					28,180
NET ASSETS -- Beginning of Year					<u>651,293</u>
NET ASSETS -- End of Year					<u>\$ 679,473</u>

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

Balance Sheet - Governmental Funds
June 30, 2007
Caring & Sharing Learning School

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 180,311	\$ -	\$ 147	\$ 180,458
Accounts Receivable	96	-	-	96
Due From Other Governments	-	9,944	-	9,944
	-	9,944	-	9,944
TOTAL ASSETS	\$ 180,407	\$ 9,944	\$ 147	\$ 190,498
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 5,322	\$ 9,944	\$ -	\$ 15,266
<u>FUND BALANCES</u>				
Unreserved	175,085	-	147	175,232
	175,085	-	147	175,232
TOTAL LIABILITIES AND FUND BALANCES	\$ 180,407	\$ 9,944	\$ 147	\$ 190,498

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2007
Caring & Sharing Learning School

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ 175,232
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital Assets – Net of Accumulated Depreciation	510,472
Long-term liabilities are not reported in the governmental funds.	
Compensated Absences	<u>(6,231)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 679,473</u></u>

The accompanying “Notes to Financial Statements”
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007
Caring & Sharing Learning School**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Title I Grant	\$ -	\$ 86,297	\$ -	\$ 86,297
Florida Education Finance Program	595,020	-	-	595,020
Public Education Capital Outlay	-	-	108,913	108,913
Other State Revenue	57,941	27,213	-	85,154
Other Local Revenue	16,330	-	-	16,330
	<u>669,291</u>	<u>113,510</u>	<u>108,913</u>	<u>891,714</u>
TOTAL REVENUES				
<u>EXPENDITURES</u>				
Current:				
Instruction	460,380	111,572	-	571,952
Instructional Support Services	9,009	1,938	-	10,947
General Support	149,714	-	-	149,714
Community Services	2,268	-	-	2,268
Capital Outlay	-	-	164,551	164,551
Debt Service:				
Principal	3,835	-	-	3,835
Interest	165	-	-	165
	<u>625,371</u>	<u>113,510</u>	<u>164,551</u>	<u>903,432</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	43,920	-	(55,638)	(11,718)
FUND BALANCES, July 1, 2006	<u>131,165</u>	<u>-</u>	<u>55,785</u>	<u>186,950</u>
FUND BALANCES, June 30, 2007	<u>\$ 175,085</u>	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ 175,232</u>

The accompanying "Notes to Financial Statements"
form an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2007
Caring & Sharing Learning School**

EXCESS OF REVENUES UNDER EXPENDITURES – TOTAL GOVERNMENTAL FUNDS	\$ (11,718)
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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 depreciated over their estimated useful lives.

Current Year Depreciation Expense	(23,490)
Expenditures for Capital Assets	107,523

Repayment of principal is an expenditure in the governmental funds, but has no effect on net assets.

Principal Payments	3,835
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	1,269
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Some revenues differ because of differences in measurement focus and basis of accounting.	(49,239)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 28,180
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The accompanying “Notes to Financial Statements”
form an integral part of this statement.

Notes to Financial Statements
June 30, 2007
Caring & Sharing Learning School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caring & Sharing Learning School conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Caring & Sharing Learning School, Inc. is a not-for-profit corporation organized in 1998 pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as the Caring & Sharing Learning School (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors which is composed of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Alachua County District School Board (the “District”). The current charter is effective until June 30, 2011, and may be renewed every ten years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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

Reporting Model

The School follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

Notes to Financial Statements
June 30, 2007
Caring & Sharing Learning School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statement of Net Assets reports the School's financial position as of the end of the fiscal year. In this statement, the School's net assets are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those grants restricted to certain uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with grants restricted to operating uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Notes to Financial Statements
June 30, 2007
Caring & Sharing Learning School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Most revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2007, no funds were held in excess of FDIC insurance coverage.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$500 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Land improvements are not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Improvements Other Than Buildings	15
Furniture, Fixtures, Equipment and Vehicles	5

Revenue Sources

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

The School also receives other financial assistance. This assistance is generally received based on applications submitted to and approved by the granting agency.

Compensated Absences

The School pays employees for 50% of unused sick and vacation time upon separation. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

Notes to Financial Statements
June 30, 2007
Caring & Sharing Learning School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets, net of related debt*, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net assets are net assets that do not meet the definitions of the classifications previously described.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2007</u>
Capital Assets Not Being Depreciated:				
Land Improvements	\$ 23,700	\$ -	\$ -	\$ 23,700
Capital Assets Being Depreciated:				
Buildings	422,755	97,364	-	520,119
Improvements Other Than Buildings	46,532	-	-	46,532
Furniture, Fixtures and Equipment	15,638	10,159	-	25,797
Vehicles	22,681	-	-	22,681
Total Capital Assets Being Depreciated	<u>507,606</u>	<u>107,523</u>	<u>-</u>	<u>615,129</u>
Total Capital Assets	<u>531,306</u>	<u>107,523</u>	<u>-</u>	<u>638,829</u>
Accumulated Depreciation:				
Buildings	62,578	14,576	-	77,154
Improvements Other Than Buildings	9,956	3,102	-	13,058
Furniture, Fixtures and Equipment	14,189	1,276	-	15,465
Vehicles	18,144	4,536	-	22,680
Total Accumulated Depreciation	<u>104,867</u>	<u>23,490</u>	<u>-</u>	<u>128,357</u>
Net Capital Assets	<u>\$ 426,439</u>	<u>\$ 84,033</u>	<u>\$ -</u>	<u>\$ 510,472</u>

Notes to Financial Statements
June 30, 2007
Caring & Sharing Learning School

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Depreciation was charged to functions/programs as follows:

Instruction	\$ 987
General Support	<u>22,503</u>
Total Depreciation	<u><u>\$ 23,490</u></u>

NOTE 3 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Note Payable	\$ 3,835	\$ -	\$ 3,835	\$ -	\$ -
Compensated Absences	<u>7,500</u>	<u>23,404</u>	<u>24,673</u>	<u>6,231</u>	<u>2,400</u>
Total	<u><u>\$ 11,335</u></u>	<u><u>\$ 23,404</u></u>	<u><u>\$ 28,508</u></u>	<u><u>\$ 6,231</u></u>	<u><u>\$ 2,400</u></u>

NOTE 4 – PENSION PLAN

Plan Description. The School contributes to the Florida Retirement System (the “System”), a cost sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designed beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (850) 488-6491.

Funding Policy. The System is employee noncontributory. The School is required to contribute at an actuarially determined rate. The School contributed at the regular employee rate which was 9.85% at June 30, 2007. The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. The School’s contributions to the System for the years ended June 30, 2007, 2006 and 2005 were \$45,035, \$29,950, and \$24,414, respectively, equal to the required contributions for each year.

Notes to Financial Statements
June 30, 2007
Caring & Sharing Learning School

NOTE 5 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage.

NOTE 6 – RELATED PARTY TRANSACTIONS

The School rents 3.9 acres of land from its Principal. The terms of the contract call for payments of \$4,000 per month beginning on August 15, 2005, with no specified termination date. The School's payments for the year ended June 30, 2007 were \$48,000.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2007
Caring & Sharing Learning School

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Florida Education Finance Program	\$ 475,000	\$ 475,000	\$ 595,020	\$ 120,020
Other State Revenue	4,000	4,000	57,941	53,941
Other Local Revenues	16,000	16,000	16,330	330
TOTAL REVENUES	<u>495,000</u>	<u>495,000</u>	<u>669,291</u>	<u>174,291</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	284,000	284,000	460,380	(176,380)
Instructional Support Services	6,000	6,000	9,009	(3,009)
General Support	153,000	153,000	149,714	3,286
Community Services	-	-	2,268	(2,268)
Debt Service:				
Principal	-	-	3,835	(3,835)
Interest	-	-	165	(165)
TOTAL EXPENDITURES	<u>443,000</u>	<u>443,000</u>	<u>625,371</u>	<u>(182,371)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	52,000	52,000	43,920	(8,080)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>131,165</u>	<u>131,165</u>
FUND BALANCES - END OF YEAR	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 175,085</u>	<u>\$ 123,085</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Budgetary Comparison Schedule - Special Revenue Fund
For the Year Ended June 30, 2007
Caring & Sharing Learning School

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Title I Grant	\$ 80,000	\$ 80,000	\$ 86,297	\$ 6,297
Other State Revenues	10,000	10,000	27,213	17,213
TOTAL REVENUES	<u>90,000</u>	<u>90,000</u>	<u>113,510</u>	<u>23,510</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	90,000	90,000	111,572	(21,572)
Instructional Support Services	-	-	1,938	(1,938)
TOTAL EXPENDITURES	<u>90,000</u>	<u>90,000</u>	<u>113,510</u>	<u>(23,510)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCES, July 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

**ADDITIONAL ELEMENTS REQUIRED BY THE
RULES OF THE AUDITOR GENERAL**



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Horwath International

Management Letter

To the Board of Directors
Caring & Sharing Learning School, Inc.

We have audited the financial statements of the Caring & Sharing Learning School (the "School"), as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated September 10, 2007. We have also issued our report on internal control over financial reporting and on compliance and other matters. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions 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.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. In that regard, prior audit finding 06-1 has been repeated in the accompanying Schedule of Findings as item 07-1.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency". In connection with our audit, we determined that the School has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Other Matters

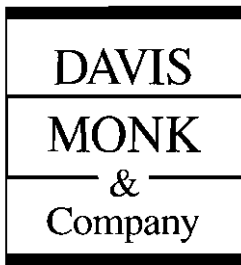
Our audit did not reveal any other matters that we are required to include in this management letter.

This report is intended solely for the information and use of the School's management and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Davis, Monk & Company

September 10, 2007
Gainesville, Florida



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

To the Board of Directors
Caring & Sharing Learning School, Inc.

We have audited the financial statements of the governmental activities and each major fund of the Caring & Sharing Learning School (the "School") as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 10, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting. The significant deficiencies are described in the accompanying Schedule of Findings as items 07-1 and 07-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's response to the findings identified in our audit is described in its accompanying response. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School's management and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Monk & Company

September 10, 2007
Gainesville, Florida

Schedule of Findings
June 30, 2007
Caring & Sharing Learning School

07-1 *Finding* – The School over-expended the budgets of the General Fund and Special Revenue Fund.

Recommendation – The School should establish procedures to ensure that the budget is prepared properly and amended during the year for unanticipated revenues and expenditures. The budget to actual position should be reviewed periodically to reduce the likelihood of budget over-expenditures.

07-2 *Finding* – Several instances were noted in which there was not proper documentation to support the expenditure.

Recommendation – The School should ensure that an invoice or receipt of payment is attached to an appropriately completed check requisition for each expenditure incurred.

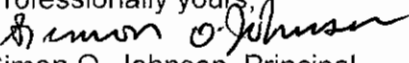
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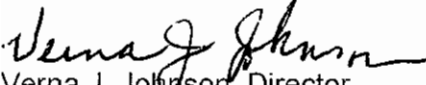
September 20, 2007

Davis Monk and Company
Certified Public Accountants
PO Box 13494
Gainesville, Florida 32604

We read the Schedule of Findings listed in the Audit Report for the 2006-07 school year. We agree with the Findings and the Recommendations and procedures have been made in order to correct them.

Professionally yours,


Simon O. Johnson, Principal


Verna J. Johnson, Director