



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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**SUMMIT CHARTER SCHOOL,  
WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF  
ORANGE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORTS THEREON**

**JUNE 30, 2007**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of Summit Charter School, West Campus, Inc. (the "School") provides an overview of the School's financial activities for the year ended June 30, 2007. Please read it in conjunction with the School's financial statements, which begin on page 10. The financial statements are followed by required supplementary information concerning budgetary information for the School's general fund.

### FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The liabilities of the School exceeded its assets at the close of the fiscal year by \$104,946 (net assets). This represents a decrease from the prior year of \$491,696.
- For the fiscal year ended June 30, 2007, the School's expenses exceeded revenues by \$491,696, as compared to the fiscal year ended June 30, 2006 when expenses exceeded revenues by \$35,463. The decrease in the surplus from the prior year is due to the decrease in other contributions and the decrease in FEFP revenue, which was the result of due to the decrease in student population.
- At the close of fiscal 2007, the School had cash and cash equivalents in the amount of \$158,967.
- The School did not receive capital outlay funding except for the related interest revenue in 2007.
- The Board of Directors of the School directed the School to close operations as of June 30, 2007.

### OVERVIEW OF THE SCHOOL'S FINANCIAL STATEMENTS

The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

#### Government-Wide Financial Statements

The two government-wide financial statements are the Statement of Net Assets (page 10) and the Statement of Activities (page 11). The government-wide financial statements provide information about the School as a whole and present a longer-term view of the School's finances. These statements use the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.

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 the School's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors as well, such as changes in the School's student base and staff turnover.

The *statement of activities* presents information showing how the School's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

## **Fund Financial Statements**

A *fund* is a self-balancing set of accounts segregated to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and others are established to control and manage money for particular purposes, such as for federal grants. The School, like state and local governments, uses fund accounting.

There are three types of funds: *proprietary* (to account for the School's business-type activities), *fiduciary* (to account for activities for which the School acts as an agent for someone else) and *governmental funds* (to account for all other activities). Because the School engages in no material proprietary or fiduciary activities, all of its funds are governmental funds.

The fund financial statements included in this annual report are the Governmental Funds Balance Sheet (page 12) and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) (page 14). In contrast to the government-wide financial statements, fund financial statements provide more detailed information about the most significant parts of the School – not the School as a whole. Governmental fund financial statements use the *modified accrual basis of accounting*, which measures cash and all other financial assets that can readily be converted to cash. This provides a detailed short-term view of the School's operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. In addition, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances (deficit) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

This chart summarizes the differences between the two types of financial statements.

	<u>Government-wide Statements</u>	<u>Funds Statements— Governmental Funds</u>
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 – 26 of this annual report.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Assets

The School's combined net assets as of June 30, 2006 and 2007 are summarized as follows:

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2006</b>	<b>2007</b>	<b>(Decrease)</b>
Current and other assets	\$ 103,943	\$ 195,286	\$ 91,343
Capital assets, net	1,105,551	1,020,485	(85,066)
Total assets	<u>\$ 1,209,494</u>	<u>\$ 1,215,771</u>	<u>\$ 6,277</u>
Current and other liabilities	\$ 135,811	\$ 1,026,942	\$ 891,131
Long-term liabilities	686,933	293,775	(393,158)
Total liabilities	<u>822,744</u>	<u>1,320,717</u>	<u>497,973</u>
Net assets:			
Invested in capital assets, net of related debt	427,731	77,775	(349,956)
Restricted for capital projects	18,009	310	(17,699)
Unrestricted	<u>(58,990)</u>	<u>(183,031)</u>	<u>(124,041)</u>
Total net assets	<u>386,750</u>	<u>(104,946)</u>	<u>(491,696)</u>
Total liabilities and net assets	<u>\$ 1,209,494</u>	<u>\$ 1,215,771</u>	<u>\$ 6,277</u>

Current and other assets increased as a result of an increase of cash and cash equivalents and accounts receivable. Cash and cash equivalents increased due to the notes payables proceeds offsetting the current year operating deficit. The accounts receivable increase is a result of the School selling equipment to Summit Charter School, Inc. and Summit Charter School, Central Campus, Inc., both related parties. The decrease in capital assets is the result of current year depreciation expense and capital asset disposals.

Current and other liabilities increased due to the mortgage assumptions and deposit of the sale of capital assets as discussed in Note 2 of the financial statements offset by payments made on advances received from Summit Charter School, Inc., a related party, as discussed in Note 5 to the financial statements. Long-term liabilities decreased due to principal payments on the debt and the mortgage assumptions offset by additional notes payables as discussed in Note 5 to the financial statements. Total net assets decreased during the year due to the current year operating deficit.

## Change in Net Assets

The School's total revenues decreased by 46% to \$747,424, and the total cost of all programs and services decreased by 13% to \$1,239,120 (see table below).

	<u>Governmental Activities</u>		Increase
	<u>2006</u>	<u>2007</u>	<u>(Decrease)</u>
Revenues:			
State and local sources	\$ 1,344,605	\$ 743,014	\$ (601,591)
Contributions and other revenue	<u>36,665</u>	<u>4,410</u>	<u>(32,255)</u>
Total revenues	<u>1,381,270</u>	<u>747,424</u>	<u>(633,846)</u>
Expenses:			
Instruction	694,688	490,067	(204,621)
Instructional support services	143,418	91,265	(52,153)
Instructional staff training	550	2,085	1,535
School administration	378,042	371,051	(6,991)
Food services	4,602	6,802	2,200
Central services	100	1,832	1,732
Pupil transportation services	23,280	27,626	4,346
Operation and maintenance of plant	118,829	210,495	91,666
Interest	<u>53,224</u>	<u>37,897</u>	<u>(15,327)</u>
Total expenses	<u>1,416,733</u>	<u>1,239,120</u>	<u>(177,613)</u>
Change in net assets	<u>\$ (35,463)</u>	<u>\$ (491,696)</u>	<u>\$ (456,233)</u>

Revenues from state and local sources decreased, which can be attributed to a decrease in funds received under the Florida Education Finance Program. This decrease is due to a large decrease in the number of weighted full-time equivalent students, as well as a decrease in the ESE guaranteed allocation and class size reduction funds.

The decrease in instruction and instruction-related expenses is primarily due to the decrease in existing personnel and the decrease in pupil personnel services due to the decrease in student population. School administration decreased due to a smaller administrative fee paid to the School Board. Operation and maintenance of plant expenses increased due to rent payments made to Summit Charter School, Inc. The decrease in interest expense is due to the assumption of the mortgages by Summit Charter School, Inc. as discussed in Note 5 to the financial statements. The School is currently engaged in considering different financing arrangements.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund deficit of \$202,649, compared to a fund deficit of \$40,981 in the preceding year. The increase in the fund deficit is the result of current year activity when governmental fund expenditures exceeded revenues.

### General Fund Budgetary Highlights

Over the course of the 2006-2007 academic year, the School revised its budget several times. These budget amendments fall into two categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.
- Decreases in appropriations and expenditures based on the actual student populations.

Even with these adjustments, actual revenues were \$12,886 below the final budget amounts, primarily due to the fact that contributions and other revenue were below budget as this type of revenue can be difficult to predict with precision. Actual expenditures were \$93,991 above the final budget amounts, primarily due to fewer salary-related expenditures offset by the increase in lease expenses in operation and maintenance of plant. While an increase in student enrollment and a resulting increase in expenditures was expected in fiscal 2007, these estimates were not realized. See the budgetary comparison schedule on page 27.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2007, the School had invested \$1,236,915 in capital assets, including land and buildings and improvements (see table below). The School reported accumulated depreciation of \$216,430 for a net book value of \$1,020,485 as of June 30, 2007.

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2006</u>	<u>2007</u>	<u>(Decrease)</u>
Land	\$ 86,765	\$ 86,765	\$ -
Buildings and improvements	1,150,150	1,150,150	-
Furniture, fixtures and equipment	34,070	-	(34,070)
Property under capital lease	30,793	-	(30,793)
Vehicles	500	-	(500)
Total capital assets	<u>\$ 1,302,278</u>	<u>\$ 1,236,915</u>	<u>\$ (65,363)</u>

Vehicles, fixtures and equipment were disposed of or purchased at carrying value by Summit Charter School, Central Campus, Inc. and Summit Charter School, Inc., both related parties. See Note 2 to the financials statement for a discussion of the disposals of the capital assets.

## **Long-Term Liabilities**

As of June 30, 2007, the School had \$293,775 in notes payable outstanding, which related to new debt agreements entered into during the year to provide funds for operational purposes. Notes payable decreased by \$385,318 during fiscal 2007 due to principal payments made and the assumption of two mortgages by a related party during fiscal year 2007, offset by new debt for operational purposes. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

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

The School did not ask for renewal of the School Charter as of June 30, 2007. Therefore, after the payment of all liabilities, the School will relinquish the remaining net assets to the School Board.

## **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 1250 N. Maitland Avenue, Maitland, Florida 32751.



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

To the Board of Directors of Summit Charter School, West Campus, Inc., a Charter School  
and Component Unit of the District School Board of Orange County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Summit Charter School, West Campus, Inc. (the "School"), a charter school and component unit of the District School Board of Orange County, Florida, 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 Summit Charter School, West Campus, Inc. 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.

As discussed in Note 2 to the financial statements, the School ceased operations as of June 2007 due to non-renewal of the School's charter by the Board of Directors. In accordance with the terms of its charter, any property purchased by the School with public funds and any unencumbered public funds will revert back to the School Board after the fiscal 2007 operating expenses are paid.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 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.

The management's discussion and analysis on pages 1-7 and the budgetary comparison schedule on page 27 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 supplementary information. However, we did not audit the information and express no opinion on it.

*BKHM, P.A.*

Winter Park, Florida  
September 27, 2007

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 158,967
Accounts receivable	7,080
Due from related parties	19,928
Other assets	9,311
Capital assets:	
Land	86,765
Buildings and improvements	1,150,150
Less accumulated depreciation	(216,430)
Total capital assets, net	1,020,485
Total assets	\$ 1,215,771
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 52,495
Due to related parties	974,447
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	217,622
Portion due or payable after one year:	
Notes payable	76,153
Total liabilities	1,320,717
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	77,775
Restricted for:	
Capital projects	310
Unrestricted	(183,031)
Total net assets	(104,946)
Total liabilities and net assets	\$ 1,215,771

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Total
Governmental activities:						
Instruction	\$ 490,067	\$ -	\$ -	\$ -	\$ (490,067)	\$ (490,067)
Instructional support services	91,265	-	-	-	(91,265)	(91,265)
Instructional staff training	2,085	-	-	-	(2,085)	(2,085)
School administration	371,051	-	-	-	(371,051)	(371,051)
Food services	6,802	2,423	-	-	(4,379)	(4,379)
Central services	1,832	-	-	-	(1,832)	(1,832)
Pupil transportation services	27,626	-	-	-	(27,626)	(27,626)
Operation and maintenance of plant	210,495	-	-	310	(210,185)	(210,185)
Interest	37,897	-	-	-	(37,897)	(37,897)
<b>Total primary government</b>	<b>\$ 1,239,120</b>	<b>\$ 2,423</b>	<b>\$ -</b>	<b>\$ 310</b>	<b>(1,236,387)</b>	<b>(1,236,387)</b>
General revenues:						
State and local sources					743,014	743,014
Contributions and other revenue					1,677	1,677
<b>Total general revenues</b>					<b>744,691</b>	<b>744,691</b>
Change in net assets					(491,696)	(491,696)
Net assets at beginning of year					386,750	386,750
Net assets at end of year					\$ (104,946)	\$ (104,946)

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2007**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 158,967	\$ -	\$ 158,967
Accounts receivable	6,770	310	7,080
Other current assets	<u>310</u>	<u>-</u>	<u>310</u>
Total assets	<u>\$ 166,047</u>	<u>\$ 310</u>	<u>\$ 166,357</u>
 <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
Accounts payable and accrued expenses	\$ 52,495	\$ -	\$ 52,495
Due to related parties	<u>316,511</u>	<u>-</u>	<u>316,511</u>
Total liabilities	<u>369,006</u>	<u>-</u>	<u>369,006</u>
 Fund balances (deficit):			
Reserved for:			
Capital projects	-	310	310
Unreserved:			
Undesignated	<u>(202,959)</u>	<u>-</u>	<u>(202,959)</u>
Total fund balances (deficit)	<u>(202,959)</u>	<u>310</u>	<u>(202,649)</u>
Total liabilities and fund balances (deficit)	<u>\$ 166,047</u>	<u>\$ 310</u>	<u>\$ 166,357</u>

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

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

**JUNE 30, 2007**

<b>Total fund deficit - total governmental funds</b>	<b>\$ (202,649)</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Assets, including due from related parties for capital assets sold, are not due and receivable in the current period and, therefore, are not reported as assets in the governmental funds.	19,928
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the capital assets is \$1,236,915, and the accumulated depreciation is \$216,430.	1,020,485
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Non-current assets, including deferred loan costs, are not financial resources and, therefore, are not reported as assets in the governmental funds.	9,001
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Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Due to related parties	(657,936)
Notes payable	<u>(293,775)</u>

<b>Total net assets - governmental activities</b>	<b><u><u>\$ (104,946)</u></u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
State and local sources	\$ 743,014	\$ -	\$ -	\$ 743,014
Contributions and other revenue	4,100	310	-	4,410
Total revenues	<u>747,114</u>	<u>310</u>	<u>-</u>	<u>747,424</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	447,726	-	-	447,726
Instructional support services	91,265	-	-	91,265
Instructional staff training	2,085	-	-	2,085
School administration	338,045	-	-	338,045
Food services	6,802	-	-	6,802
Central services	1,832	-	-	1,832
Pupil transportation services	27,626	-	-	27,626
Operation and maintenance of plant	192,486	18,009	-	210,495
Debt service:				
Principal	-	-	35,222	35,222
Interest	-	-	37,897	37,897
Total expenditures	<u>1,107,867</u>	<u>18,009</u>	<u>73,119</u>	<u>1,198,995</u>
Excess (deficiency) of revenues over expenditures	<u>(360,753)</u>	<u>(17,699)</u>	<u>(73,119)</u>	<u>(451,571)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net proceeds from notes payable	289,903	-	-	289,903
Transfers in	-	-	73,119	73,119
Transfers out	(73,119)	-	-	(73,119)
Total other financing sources (uses)	<u>216,784</u>	<u>-</u>	<u>73,119</u>	<u>289,903</u>
Net changes in fund balances (deficit)	<u>(143,969)</u>	<u>(17,699)</u>	<u>-</u>	<u>(161,668)</u>
Fund balances (deficit) at beginning of year	<u>(58,990)</u>	<u>18,009</u>	<u>-</u>	<u>(40,981)</u>
Fund balances (deficit) at end of year	<u>\$ (202,959)</u>	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ (202,649)</u>

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2007**

**Net changes in fund balances (deficit) - total governmental funds** **\$ (161,668)**

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 of depreciation expense in the current period. (65,140)

Governmental funds report deferred loan costs paid as expenditures. However, in the statement of activities, the cost of those assets is allocated over the loan term and reported as amortization expense. This is the amount of amortization expense in the current period. (10,207)

Net proceeds from notes payable provide current financial resources to the governmental funds, but increase long-term liabilities in the statement of net assets. (289,903)

Principal payments on long-term liabilities are expenditures in the government funds, but the repayments reduce long-term liabilities in the statement of net assets.

Principal payments on notes payable	27,382
Principal payments on capital leases	7,840

**Change in net assets of governmental activities** **\$ (491,696)**

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

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

**Organization**

Summit Charter School, West Campus, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of at least three 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 District School Board of Orange County, Florida (the "School Board"). The School's charter was effective until June 30, 2007 at which time it was allowed to expire by the Board of Directors and, therefore, the School ceased operations. As a result of the expiration of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the *Audit and Accounting Guide – State and Local Governments* issued by the American Institute of Certified Public Accountants; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units 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 provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**Basis of presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, both government-wide and fund financial statements are presented.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental funds:

- General Fund – to account for all financial resources not required 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.
- Debt Service Fund – to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

For purposes of these statements, the general, capital projects and debt service funds constitute major funds. There are no other governmental funds.

**Basis of accounting**

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary basis accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services and capital outlay).

**Deposits and investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The School's cash consists primarily of demand deposits with financial institutions.

**Capital assets and depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	10 – 20
Furniture, fixtures and equipment	3 – 5
Vehicles	3 – 5

Information relative to changes in capital assets is described in Note 4.

**Long-term liabilities**

Long-term liabilities that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Changes in long-term liabilities for the current year are reported in Note 5.

**Revenue sources**

Revenues for current operations are received primarily from the District School Board of Orange 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(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the 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 Board receives a 5% administrative fee from the School, 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 (deficit) – governmental funds.

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

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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 and, as such, are reflected as restricted net assets and reserved fund balance in the accompanying statement of net assets and balance sheet – governmental funds, respectively, to the extent that they remain unexpended.

**Use of estimates**

In preparing the financial statements, 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 RELATED PARTY TRANSACTIONS**

In November 2006, the School entered into agreements under which the School's land, buildings and improvements (the "Facility") were intended to be transferred to a related party, Summit Charter School, Inc. ("Summit Maitland"). In addition, a \$621,605 note payable secured by a mortgage on the property and a \$36,331 note payable secured by cash on deposit with the lender, were transferred to Summit Maitland. In August 2007, the School discovered that the title transfer had not been properly filed with the county. Therefore, as of June 30, 2007, the Facility was still legally titled to the School and is reflected as such in the accompanying statement of net assets. The notes payable were officially transferred by the note holder and, therefore, are included in the due to related parties in the accompanying statement of net assets but not in the governmental funds balance sheet as it relates to long-term liabilities.

During current and prior fiscal years, the School also received funding for certain start-up and renovation costs from Summit Maitland. These net advances totaled \$361,511 as of June 30, 2007 and are disclosed as due to related party in the accompanying financial statements.

During the year ended June 30, 2007, the School paid \$88,000 to Summit Maitland as rent for continued use of the Facility.

In May 2007, Summit Maitland entered into an agreement for the sale of the Facility to an unrelated third party. Upon execution of the agreement, a deposit of \$250,000 was received by the School on behalf of Summit Maitland. As of June 30, 2007, the sale of the Facility was not consummated, and the \$250,000 deposit is included in the amount due to related parties in the accompanying financial statements.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

During the current fiscal year, the School sold capital assets to Summit Charter School Central Campus, Inc. and Summit Maitland, charter schools which are related through common control. The capital assets sold totaled \$19,928, and this amount is included in due from related parties in the accompanying statement of financial position.

**3      ACCOUNTS RECEIVABLE**

Accounts receivable included in the accompanying financial statements represents \$310 in capital outlay funds receivable and \$6,770 in Florida Education Finance Program funds receivable from the School Board. As indicated in Note 1, the amount received under the capital outlay program is based on the School's actual and projected student enrollment during the 2007 fiscal year and may only be used for lawful capital outlay expenditures. Based on the collectibility of funds from this source, an allowance for doubtful accounts is not considered necessary.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
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THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 CHANGES IN CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 86,765	\$ -	\$ -	\$ 86,765
Total capital assets not being depreciated	<u>86,765</u>	<u>-</u>	<u>-</u>	<u>86,765</u>
Other capital assets:				
Buildings and improvements	1,150,150	-	-	1,150,150
Furniture, fixtures and equipment	34,070	-	(34,070)	-
Property under capital lease	30,793	-	(30,793)	-
Vehicles	500	-	(500)	-
Total other capital assets at historical cost	<u>1,215,513</u>	<u>-</u>	<u>(65,363)</u>	<u>1,150,150</u>
Less accumulated depreciation for:				
Buildings and improvements	(158,922)	(57,508)	-	(216,430)
Furniture, fixtures and equipment	(21,712)	(4,966)	26,678	-
Property under capital lease	(15,593)	(2,666)	18,259	-
Vehicles	(500)	-	500	-
Total accumulated depreciation	<u>(196,727)</u>	<u>(65,140)</u>	<u>45,437</u>	<u>(216,430)</u>
Other capital assets, net	<u>1,018,786</u>	<u>(65,140)</u>	<u>(19,926)</u>	<u>933,720</u>
Governmental activities capital assets, net	<u>\$ 1,105,551</u>	<u>\$ (65,140)</u>	<u>\$ (19,926)</u>	<u>\$ 1,020,485</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 42,341
School administration	<u>22,799</u>
Total governmental activities depreciation expense	<u>\$ 65,140</u>

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
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THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**5 LONG-TERM LIABILITIES**

As of June 30, 2007, long-term liabilities consist of two notes payable to a financial institution. The first note payable is secured by a second mortgage on the School Facility and requires monthly principal and interest payments of \$2,018 at a set interest rate of 7.80% through December 2011. The second note is secured by the same second mortgage on the School Facility and requires monthly interest payments of \$1,375 at the bank's prime rate (8.25% as of June 30, 2007) with a balloon payment due December 2007. Also, the School had two notes payable outstanding as of June 30, 2006 that were assumed by Summit Maitland in November 2007 at a carrying value in aggregate of \$657,936. Long-term liabilities activity during the current fiscal year was as follows:

Balance outstanding at beginning of year	\$ 679,093
Additions	300,000
Assumed notes	(657,936)
Principal reductions	<u>(27,382)</u>
Balance outstanding at end of year	<u>\$ 293,775</u>
Amount due within one year	<u>\$ 217,622</u>

Future debt service requirements related to the notes payable are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 217,622	\$ 13,401	\$ 231,023
2009	19,122	5,095	24,217
2010	20,668	3,549	24,217
2011	22,339	1,878	24,217
2012	<u>14,024</u>	<u>269</u>	<u>14,293</u>
Total	<u>\$ 293,775</u>	<u>\$ 24,192</u>	<u>\$ 317,967</u>

Interest expense related to the long-term liabilities during the year ended June 30, 2007 totaled approximately \$36,000.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**6 OBLIGATIONS PAYABLE UNDER CAPITAL LEASES**

The School utilized certain equipment under a capital lease agreement. The lease was for a term of five years and required the School to make monthly payments of \$680 through June 2007. In June 2007, the equipment was sold to Summit Charter School, Central Campus, Inc. at carrying value of \$12,535. Activity for obligations payable under capital leases during the current fiscal year was as follows:

Balance outstanding at beginning of year	\$ 7,840	
Additions	-	
Reductions	(7,840)	
Balance outstanding at end of year	\$ -	

Interest expense related to capital leases during the year ended June 30, 2007 totaled approximately \$2,000.

**7 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Orange County, Florida:		
Florida Education Finance Program	\$ 437,626	
ESE guaranteed allocation	146,878	
Class size reduction	78,941	
Discretionary millage funds	31,422	
Supplemental academic instruction	24,644	
Instructional materials	11,037	
Discretionary tax equalization funds	5,003	
Discretionary lottery funds	4,774	
Safe schools	2,689	
Total	\$ 743,014	

The administration fee paid to the School Board during the year ended June 30, 2007 totaled approximately \$37,000, 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 (deficit) – governmental funds.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**8 RISK MANAGEMENT PROGRAM**

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

**9 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. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2007 may be impaired.

In the opinion of the School, 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**

During the year ended June 30, 2005, two former employees filed charges of discrimination against the School and have filed a lawsuit alleging that they were the victims of a retaliatory discharge. Management is vigorously defending these allegations, and settlement discussions are ongoing. Management, after consultation with legal counsel, has determined that these claims are unsubstantiated; therefore, the accompanying financial statements do not include any liability that may result from the outcome of this uncertainty.

In the normal course of conducting its operations, the School also occasionally becomes party to various other 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.

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**10 SUBSEQUENT EVENTS**

In August 2007, the School filed the paperwork necessary to transfer the title of the Facility located at 2332 N. Hiawassee Road, Orlando, FL 32818 to Summit Maitland. This was completed as part of the assumption of the notes payable in November 2006 as discussed in Note 2.

The School ceased operations as of June 30, 2007.

**SUMMIT CHARTER SCHOOL WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State and local sources	\$ 1,187,459	\$ 740,000	\$ 743,014	\$ 3,014
Contributions and other revenue	10,000	20,000	4,100	(15,900)
Total revenues	<u>1,197,459</u>	<u>760,000</u>	<u>747,114</u>	<u>(12,886)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instruction	649,207	561,500	447,726	113,774
Instructional support services	-	-	91,265	(91,265)
Instructional staff training	-	-	2,085	(2,085)
School administration	421,854	374,500	338,045	36,455
Food services	4,000	4,000	6,802	(2,802)
Central services	-	-	1,832	(1,832)
Pupil transportation services	17,900	2,400	27,626	(25,226)
Operation and maintenance of plant	40,998	63,476	192,486	(129,010)
Capital outlay	11,000	8,000	-	8,000
Total expenditures	<u>1,144,959</u>	<u>1,013,876</u>	<u>1,107,867</u>	<u>(93,991)</u>
Excess of revenues over expenditures	<u>52,500</u>	<u>(253,876)</u>	<u>(360,753)</u>	<u>(106,877)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net proceeds from notes payable	-	300,000	289,903	(10,097)
Transfers out	(46,500)	(43,000)	(73,119)	(30,119)
Total other financing sources (uses)	<u>(46,500)</u>	<u>257,000</u>	<u>216,784</u>	<u>(40,216)</u>
Net change in fund balance	6,000	3,124	(143,969)	(147,093)
Fund deficit at beginning of year	(58,990)	(58,990)	(58,990)	-
Fund balance (deficit) at end of year	<u>\$ (52,990)</u>	<u>\$ (55,866)</u>	<u>\$ (202,959)</u>	<u>\$ (147,093)</u>

See report of independent auditors.



**Report of Independent Auditors 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 Summit Charter School, West Campus, Inc., a Charter School and  
Component Unit of the District School Board of Orange County, Florida

We have audited the financial statements of the governmental activities and each major fund of Summit Charter School, West Campus, Inc. (the "School"), a charter school and component unit of the District School Board of Orange County, Florida, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 27, 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 in order to determine 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.

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.

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 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described as follows:

Board Member Fingerprinting: Our audit procedures revealed that the School has been unable to obtain documentation of fingerprinting and background check results for several members of the Board of Directors. Management of the School has represented that this information must be processed through the District School Board of Orange County, and the School does not always receive documentation of the completed process. We recommend that the School continue its dialogue with the District School Board of Orange County and strengthen procedures related to fingerprinting and background checks.

The School's response to the findings identified in our audit is included in the Written Statement of Explanation or Rebuttal on page 33. 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 management of the School, the District School Board of Orange 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.

*BKHM, P.A.*

Winter Park, Florida  
September 27, 2007

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE FLORIDA AUDITOR GENERAL,  
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND  
SIMILAR ENTITIES***



To the Board of Directors of Summit Charter School, West Campus, Inc., a Charter School  
and Component Unit of the District School Board of Orange County, Florida

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Summit Charter School, West Campus, Inc. (the "School"), a charter school and component unit of the District School Board of Orange County, Florida, as of and for the year ended June 30, 2007, we considered the School's internal control in order to determine 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. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

During the course of our audit, it came to our attention that the School had met one of the conditions described in Section 218.503(1), Florida Statutes (the "conditions"). Our audit revealed that the School had a deficit in unrestricted net assets and a deficit in the general fund balance of \$183,031 and \$202,959, respectively, as of June 30, 2007, for which sufficient resources are not available to cover the deficit. In planning and performing our audit, we considered whether the School had met any of the conditions 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 as to whether the School had met any of the conditions. Accordingly, we do not express an opinion as to whether the School had met any of the conditions.

This report is intended solely for the information and use of the Board of Directors, management and others within Summit Charter School, West Campus, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

*BKHM, P.A.*

Winter Park, Florida  
September 27, 2007

**SUMMIT CHARTER SCHOOL, WEST CAMPUS, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**RECOMMENDATIONS TO IMPROVE COMPLIANCE, INTERNAL CONTROL  
AND THE FINANCIAL REPORTING PROCESS**

**JUNE 30, 2007**

There are no findings or recommendations in the current year.

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

See compliance finding Board Member Fingerprinting.

There were no other findings or recommendations in the prior year.



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Office (407) 293-5604  
Alan Smolowe (407) 709-8318  
Fax (407) 293-5287

## WEST CAMPUS

BKHM

Certified Public Accountants  
1560 N. Orange Avenue – Suite 600  
Winter Park, FL 32789-5540

Dear Sir/Madam,

The following information is provided in response to the Report of Independent Auditors 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.

### Summit Audit Response to Summit Charter Board Member Fingerprinting

The auditors indicated the records reflect that several board members have not been fingerprinted. To the best of our knowledge and records, all of our board members have been fingerprinted with the exception of one new board member who is not able to physically attend board meetings due to scheduling conflicts. We will schedule his fingerprinting when his schedule allows him to attend meetings. On January 6, 2003, we arranged through OCPS staff to hold a Board training/meeting at the ELC in the evening and have a member of the fingerprinting staff electronically fingerprint all off our board members. The few members that missed the meeting went down to the ELC and had their fingerprinting done on a one-on-one basis. Since that time, the new procedure is to have fingerprinting done by an outside vendor, Pride Rock Holdings. Our newest board member was fingerprinted by Pride Rock Holdings.

When teachers and staff are fingerprinted, there is correspondence from OCPS stating that they have been cleared through the process. Historically, we do not receive a similar clearance for board members. Our board membership is stable, with many board members serving for 9 years on the West and Maitland Boards. Some of our board members have been fingerprinted three times, and are still not reflected in the records. Steve Palmer and Alan Smolowe were each fingerprinted four times to comply. We will continue to do our best to meet the fingerprinting requirements of board members.

Sincerely,

Alan W. Smolowe, Ed.D., Ph.D  
President