

**SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF
THE SCHOOL BOARD OF BROWARD COUNTY
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

RECEIVED

OCT 29 2007

AUDITOR GENERAL

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AUDITOR GENERAL
DISTRICT SCHOOL BOARD AND CHARTER SCHOOL
AUDIT REPORT SUBMITTAL CHECKLIST
(SECTION 11.45(3)(a), FLORIDA STATUTES)
(To be submitted with the 2006-2007 fiscal year audit report)

DSB/Charter School Entity Name: SUNRISE COMMUNITY CHARTER SCHOOL
DSB/Charter School Address: 7100 WEST OAKLAND PARK BLVD
SUNRISE, FL 33313

DSB/Charter School E-Mail Address: cgardner00@aol.com

DSB/Charter School Contact Person:
Name CAROL GARDNER CPA
Title CPA
Phone Number 305-725-2181

CPA or Other (if applicable):
Name CAROL GARDNER CPA
Address 7005 N. AUGUSTA DRIVE
Phone Number MIAMI, FL 33015

Fiscal Year Audited JUNE 30, 2007

Date Auditor Delivered Audit Report to the DSB or Charter School OCTOBER 1, 2007

Does the audit report include the following items required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General:

- Financial statements, as described in Sections 10.805(3) and 10.855(3)-(6), Rules of the Auditor General (as applicable), together with related notes to financial statements?
- The auditor's report on the financial statements?
- The auditor's report on compliance and internal control?
- Any other auditor's reports and related financial information required pursuant to the Federal Single Audit Act Amendments of 1996, OMB Circular A-133, or other applicable Federal law?
- The management letter defined in Sections 10.804(1)(d) and 10.854(1)(d), Rules of the Auditor General?
- The written statement of explanation or rebuttal required by Sections 10.807(1) and 10.857(2), Rules of the Auditor General?

_____ For district school boards that had an impact fee adopted by ordinance on their behalf, an "affidavit" signed and sworn to by the Chief Financial Officer before an officer authorized to administer oaths (e.g., notary public), stating that the ordinance complied with the requirements of section 163.31801, Florida Statutes.

In addition to the above, have the following requirements been complied with:

X Are two copies of the audit report being submitted as required by Sections 10.807(3) and 10.857(4), Rules of the Auditor General?

X Was the audit report submitted within 46 days after the completion of the audit, but no later than 12 months after the end of the fiscal year? NOTE: There are no provisions in the statutes for any extensions for filing the audit report.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed regarding reporting requirements. Our address, telephone, and fax numbers are as follows:

Auditor General's Office
Claude Pepper Building, Room 412E
111 West Madison Street
Tallahassee, Florida 32399-1450
Telephone: (850) 488-7435
Suncorn: 278-7435
Fax: (850) 414-7488
Fzx-Suncorn: 994-7488
Contact Person: Cheryl Pueschel

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sunrise Community Charter School
Broward County, Florida

We have audited the component unit basic financial statements of governmental activities and each major fund of Sunrise Community Charter School (the "School"), a non-major component unit of the School Board of Broward 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 foregoing table of contents. These basic financial statements are the responsibility of the management of Sunrise Community Charter School. Our responsibility is to express an opinion 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, the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Chapter 10.850, Charter Schools Audits, issued by the Auditor General of the State of Florida. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component basic 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 opinion.

The component basic financial statements, referred to in the first paragraph, were prepared for the purpose of complying with Part IV of the Charter School contract between the School Board of Broward County, Florida, and Sunrise Community Charter School. These component basic financial statements were prepared to present the financial position and changes in net assets of Sunrise Community Charter School and is not intended to be a complete presentation of the financial position and changes in net assets of the School Board of Broward County, Florida.


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunrise Community Charter School as of June 30, 2007, and the results of its operations for the year then ended in conformity with United States of America generally accepted accounting principles.

Board of Directors
September 30, 2007

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2007, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages five through ten and the schedules of revenues, expenditures and changes in fund balance – budget to actual are not a required part of the basic financial statements but are supplementary information required by *Government Auditing Standards*. 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.

Our audit was conducted for the purpose of forming an opinion on the component basic financial statements taken as a whole. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the component basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Gardner & Associates, P.A.
September 30, 2007

SUNRISE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2007

The discussion and analysis of Sunrise Community Charter School (the "Charter School") financial performance provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2007 ("FY 2007"). The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole. Readers should also review the basic financial statements along with the notes to these financial statements to enhance their understanding of the Charter School's financial performance.

Financial highlights

Key financial highlights for FY 2007 are as follows:

- FTE funds from the School Board of Broward County accounted for \$682,015 or 89% of all revenues. Program specific revenues in the form of charges for services and other operating grants and contributions accounted for \$78,120 or 11% of total revenues.
- At year end the liabilities of the Charter School exceeded its assets by \$72,678. This was because the enrollment was lower than expected, and projected grant income did not materialize as budgeted.
- The Charter School had \$832,814 in expenses. These expenses were offset by program specific charges for services, grants, or contributions.

Using the Annual Report

This annual financial report contains, in addition to this Management Discussion and Analysis, the Charter School's basic financial statements and supplementary information. These three sections together provide a comprehensive overview of the Charter School's finances. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, Government-wide and funds.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the Charter School's overall financial position.
- Individual parts of the Charter school, which are reported as fund financial statements, focus on reporting the Charter School's operation in detail. These fund financial statements comprise the remaining statements.

Notes to the financials, which are included just following the basic financial statements, provide more detailed data and explain some of the information in the statements. The supplementary information sections provide further explanations and additional support for the financial statements, including a comparison of the Charter School's budget to actual revenues and expenditures for the year.

Additional elements of this report include sections of State and Federal Compliance.

SUNRISE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS

The Charter School's financial statements for the year ended June 30, 2007 are presented under GASB #34 as required.

Government-wide Financial Statements – Statement of Net Assets and the Statement of Activities

While this document contains specific information on the many funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during the year?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The basis of accounting takes into account all the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the Charter School's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School has either improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Charter School's current student enrollment.

In the *Statement of Net Assets* and the *Statement of Activities*, the Charter School reports governmental activities. Governmental activities are the activities most of the Charter School's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant and facilities, pupil transportation and extracurricular activities. The Charter School does not have any business-type activities

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The Charter School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

Governmental Funds

All of the funds of the Charter School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the

SUNRISE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS – Continued

end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the Charter School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the Charter School's budget. The basic governmental fund financial statements can be found on pages 13-16 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier the *Statement of Net Assets* and the *Statement of Activities* provide a financial glimpse of the Charter School as a whole. In the case of the Charter School, liabilities exceeded assets by approximately \$92,990 at the close of business in fiscal year 2007.

A summary of the School's net assets for the fiscal year 2007 follows:

	<u>2007</u>
Cash	\$ 11,890
Furniture and equipment, net	<u>20,312</u>
Total Assets	\$ 32,202
Accounts payable & accrued liabilities	\$ 29,873
Loan payable	<u>75,007</u>
Total Liabilities	\$104,880
Invested in capital assets, net of related debt	\$ 20,312
Unrestricted	<u>(92,990)</u>
Total Net Assets	<u>\$ 32,202</u>

SUNRISE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

A summary of the School's changes in net assets for the fiscal year 2007 follows:

Revenues

Program revenues:

Charges for services	\$ 38,480
Operating grants and contributions	34,147

General revenues:

School Board of Broward County	682,015
Other general revenues	5,494

Total revenues	<u>760,136</u>
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Program Expenses

Instruction/Support services:

Instructional services	279,748
Instructional exceptional	960
Pupil personnel services	24,429
Instructional and curriculum development	9,122
Instructional staff training	3,618
Board	16,749
School Administration	176,792
Facilities Acquisition & Construction	167,300
Fiscal Services	60,882
Food Services	9,197
Pupil Transportation Services	25,442
Operation of Plant	44,573
Maintenance of Plant	14,002
Total expenses	<u>\$832,814</u>

Change in Net Assets	<u>\$ (72,678)</u>
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At year end the liabilities of the Charter School exceeded its assets by \$72,678. This was because the enrollment was lower than expected, and projected grant income did not materialize as budgeted.

Lease of Facility

The School leased facilities from a third party during fiscal year 2007. The facilities consist of 9,200 square feet in multiple buildings. The buildings have capacity for up to 9 classrooms to house the School's students. The facilities are fully accessible to individuals with disabilities in compliance with

SUNRISE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

the Americans with Disabilities Act, Section 504 of the Rehabilitative Act of 1973, and other applicable state/federal laws.

School Locations

The School has facilities located at 7100 W. Oakland Park Blvd. Sunrise, Florida 33313.

Capital Improvement Requirements

The activities undertaken by the School during 2006-2007 allow it to operate in the immediate future without the need for additional substantial capital improvements for it to service its existing client base.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

Capital Assets

The School's investment in capital assets as of June 30, 2007 is \$20,213 (net of accumulated depreciation). This investment in capital assets includes furniture and fixtures.

GENERAL FUND BUDGET ANALYSIS AND HIGHLIGHTS

Prior to the start of the School's fiscal year, the Board of directors of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. Budget to actual comparisons for fiscal year 2007 are presented on Page 23.

SUNRISE COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
For the Year Ended June 30, 2007

GENERAL FUND BUDGET ANALYSIS AND HIGHLIGHTS - Continued

Variances reported in the budget to actual comparison for fiscal year 2007 resulted primarily from the following:

2007-

- (1) Fiscal year 2007 budget for a higher enrollment than received therefore the revenues that were expected did not materialize. The shortfall in enrollment also caused other revenue and expense items to be under budget.
- (2) Actual salaries were higher than budgeted due to changes in administration.
- (3) Several changes in administration caused varying changes to budgeted line items.
- (4) Rent was higher than expected because location was changed several times during the year.
- (5) Enrollment deficiency caused several budgeted expenses to be under the budget.
- (6) Food services were not budgeted for because the school expected other funds to pay this expense.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Valerie Thompson at 7100 West Oakland Park Boulevard, Sunrise FL 33313.

Governing Board Members

G. Oliver Barnes	<i>President</i>
Donald King	<i>Board Member</i>
Sonia Barnes	<i>Board Member</i>
Enid McKoy	<i>Board Member</i>
Walter Thomas	<i>Board Member</i>

**SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF NET ASSETS
June 30, 2007**

	2007
ASSETS	
Cash	\$ 11,890
Furniture and equipment, net	20,312
TOTAL ASSETS	\$ 32,202
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable & accrued liabilities:	\$ 29,873
Loan payable	75,007
TOTAL LIABILITIES	104,880
NET ASSETS	
Invested in capital assets, net of related debt	20,312
Unrestricted net assets	(92,990)
TOTAL NET ASSETS	(72,678)
TOTAL LIABILITIES AND NET ASSETS	\$ 32,202

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

FUNCTIONS COMPONENT UNIT ACTIVITIES	EXPENSES	PROGRAM REVENUE		2007 NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	
Instructional services	\$ 279,748	\$ -	\$ 34,147	\$ (245,601)
Instructional exceptional	960	-	-	(960)
Pupil personnel services	24,429	9,415	-	(15,014)
Instructional and curriculum development	9,122	-	-	(9,122)
Instructional staff training	3,618	-	-	(3,618)
Board	16,749	-	-	(16,749)
School administration	176,792	-	-	(176,792)
Fiscal services	60,882	-	-	(60,882)
Facilities Acquisition & Construction	167,300	-	-	(167,300)
Food services	9,197	7,817	-	(1,380)
Pupil transportation services	25,442	-	-	(25,442)
Operation of plant	44,573	21,248	-	(23,325)
Maintenance of plant	14,002	-	-	(14,002)
Total Component Unit Activities	\$ 832,814	\$ 38,480	\$ 34,147	(760,187)
GENERAL REVENUES:				
				682,015
				5,494
				<u>687,509</u>
				(72,678)
				-
				<u>\$ (72,678)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
BALANCE SHEET
Governmental Fund
June 30, 2007

	<u>2007</u>
ASSETS	
Cash	\$ 11,890
TOTAL ASSETS	\$ <u>11,890</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable & accrued liabilities	\$ 29,873
TOTAL LIABILITIES	<u>29,873</u>
FUND BALANCE	
Unrestricted	<u>(17,983)</u>
TOTAL FUND BALANCE	<u>(17,983)</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>11,890</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SUNRISE COMMUNITY CHARTER SCHOOL
NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

	2007
Total Fund Balance - Governmental Fund	\$ (17,983)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets of \$22,159, net of accumulated depreciation of \$1,847 were used in governmental activities are not financial resources and are therefore not reported in the fund.	20,312
Loan payable are not due in the current fiscal period and therefore are not reported.	(75,007)
Total Net Assets - Government Activities	\$ (72,678)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007**

	2007
REVENUES:	
FEFP Fees	\$ 682,015
Title 1	32,557
Florida Teachers' Lead Program	1,590
Charge for services	38,480
Fundraising income	5,494
Total Revenues	760,136
 EXPENDITURES:	
Instructional services	279,748
Instructional exceptional	960
Pupil personnel services	24,429
Instructional and curriculum development	9,122
Instructional staff training	3,618
Board	16,749
School Administration	176,792
Facilities Acquisition & Construction	187,612
Fiscal Services	60,882
Food Services	9,197
Pupil Transportation Services	25,442
Operation of Plant	44,573
Maintenance of Plant	14,002
Total Expenditures	853,126
Deficiency of expenditures over revenues	(92,990)
Other financing sources:	
Loan proceeds	75,007
Net change in fund balance	(17,983)
Fund balance at beginning of year	-
Fund balance at end of year	\$ (17,983)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**SUNRISE COMMUNITY CHARTER SCHOOL
NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

	2007
Change in Fund Balance - Governmental Fund	\$ (17,983)
 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 as depreciation expense.	
Change in capital assets, net of depreciation	20,312
Loan payable provides current financial resources to the government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has effect on net assets.	
Change in Net Assets of Governmental Activities	(75,007)
	\$ (72,678)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

SUNRISE COMMUNITY CHARTER SCHOOL
A Non-Major Component Unit of the Charter School Board of Broward County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Sunrise Community Charter School (the "Charter School"), is a dba of Community Education Alliance, Inc. which is was incorporated in the State of Florida, pursuant to Section 228.056(7) of the Florida Statutes, in July 2006. The School was established as a Charter School for children from elementary to fifth grades in Broward County. The Charter School operates under a charter of the Charter School Board of Broward County, Florida, and is considered a non-major component unit of such board. The Charter School is funded by Broward County Charter School Department and, in addition, receives government grants.

The general operating authority of the Charter School is contained in Section 228.056(7), Florida Statutes. The contract was entered into on July 1, 2006, and is effective until June 30, 2011. At the end of the term of the contract, the Sponsor may choose to renew the contract in increments of five years. During the term of the contract, the Sponsor may also terminate the contract, any property and improvements, furnishings, and equipment purchased with public funds and any unencumbered public funds shall revert back to the Sponsor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

In fiscal year 2006/2007, the Charter School adopted GASB #34. Government-wide financial statements are prepared for the Charter School and include the statement of net assets and statement of activities and changes in net assets. These statements report information for the Charter School as a whole.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct function activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

SUNRISE COMMUNITY CHARTER SCHOOL
A Non-Major Component Unit of the Charter School Board of Broward County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Charter School are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Charter School's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report uses 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Charter School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year 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).

SUNRISE COMMUNITY CHARTER SCHOOL
A Non-Major Component Unit of the Charter School Board of Broward County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. The Charter School's cash consists of demand deposits with financial institutions which are insured by Federal depository insurance.

Due from Other Governments or Agencies

Amounts due to the Charter School by other governments or agencies are for grants or programs under which the services have been provided by the Charter School.

Capital Assets, Depreciation and Amortization

The Charter School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Charter School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the Straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Office equipment and furniture	5 to 10 years
Building improvements	3 years

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

Revenue

Revenues for operations will be received primarily from Broward County Charter School Board pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and Section 228.056 (13), Florida Statutes, the Charter School will report the number of full-time equivalent (FTE) students and related data to the District. Under the

SUNRISE COMMUNITY CHARTER SCHOOL
A Non-Major Component Unit of the Charter School Board of Broward County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

provisions of Section 236.081, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (DOE) for funding through the Florida Education Finance Program. Funding for the Charter 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 Charter School during the designated full-time equivalent student survey periods.

Finally, the Charter School may also receive Federal awards for the enhancement of various educational programs. Federal awards are 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. Any excess amounts are recorded as deferred revenues until expended.

New Reporting Standard

In June 1999, the Governmental Accounting Standards Boards (GASB) issued Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.” This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it requires new information and restructures much of the information that governments have presented in the past. The Charter School implemented this standard in the fiscal year ended June 30, 2006.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles of the United States of America requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

INCOME TAXES

Sunrise Community Charter School is operated as a DBA of Community Education Alliance, Inc. which has applied for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

SUNRISE COMMUNITY CHARTER SCHOOL
A Non-Major Component Unit of the Charter School Board of Broward County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, for the years ended June 30, 2007 for Sunrise Community Charter School:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Furniture and equipment	\$ -	\$ 22,159	\$ -	\$ 22,159
Subtotal depreciable capital assets	<u>-</u>	<u>22,159</u>	<u>-</u>	<u>22,159</u>
Less Accumulated depreciation				
Furniture and equipment	-	1,847	-	1,847
Total accumulated depreciation	<u>-</u>	<u>1,847</u>	<u>-</u>	<u>1,847</u>
Total Capital Assets - Net	<u>\$ -</u>	<u>\$ 20,312</u>	<u>\$ -</u>	<u>\$ 20,312</u>

Depreciation expense for Sunrise Community Charter School for the years ended June 30, 2007 \$1,847.

NOTE 4 – RELATED PARTIES TRANSACTIONS

Charter School Board of Broward County (the “Sponsor”)

Pursuant to the Charter School’s contract with the Sponsor, the Sponsor is paid a management fee of 5% of the qualifying revenues of the Charter School. During the year ended June 30, 2007 Sunrise Community Charter School paid approximately \$ 34,101 to the Sponsor for management fees.

Charter School Board of Broward County (the “Sponsor”)

Pursuant to the Charter School’s contract with the Sponsor, the Charter School receives from the Sponsor an FTE fee for each full time student enrolled. The fee is based upon various teaching requirements of each student enrolled. The number of FTE (full time equivalent students) enrolled for the fiscal years ended June 30, 2007 for Sunrise Community Charter School was 108.

The Charter School also receives other allowances based upon the students enrolled, including a transportation allowance for students living more than two miles and less than four miles from the Charter School property.

SUNRISE COMMUNITY CHARTER SCHOOL
A Non-Major Component Unit of the Charter School Board of Broward County
Notes to the Basic Financial Statements
For the Year Ended June 30, 2007

NOTE 5 - OPERATING LEASE OBLIGATIONS

The Charter School leases their facilities from a third party. The lease began on July 1, 2006 and expires on June 30, 2008. The Charter school has a monthly rental amount of \$22,458 per month. The lease also includes a provision for the Charter School to share 30% of operating expenses. The rental expense was \$167,300 for the year ended June 30, 2007.

Future minimum payments under this operating lease at June 30, 2008 is \$269,500

NOTE 6 – COMMITMENTS

The costs and unexpended funds reflected in the accompanying financial statements relating to government funding are subject to audit by the respective grantors. The possible disallowance by the funding source of any item charged to the program or request for return of any unexpended funds cannot be determined at this time. No provision for any liability is necessary at year-end, June 30, 2007 and none has been made in the special purpose financial statements.

NOTE 7 – CONCENTRATION OF CREDIT RISK

Sunrise Community Charter School maintains cash accounts at a federally insured financial institution in Broward County. The balances, at times, may exceed federally insured limits. At June 30, 2007, the Charter School had no cash on deposit exceeding the insured limit.

NOTE 8 - COMPENSATED ABSENCES

Employees of the Charter School are entitled to paid vacation and sick days depending on length of service. The Charter School's policy is to recognize the cost of vacation days when earned by the employees. The current policy of the Charter School is the vacation days not used during the calendar year are forfeited. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 9 – LOAN PAYABLE

Sunrise Community Charter School borrowed \$75,007 from Community Education Alliance, Inc. to cover the school's operating deficit during the fiscal year 2007. The note bears no interest and is due on December 31, 2008.

SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES:	GOVERNMENTAL FUND		
	Budget	Actual	Variance Positive (Negative)
FEFP Fees	\$ 884,250	\$ 682,015	\$ (202,235)
Title I	-	32,557	32,557
Florida Teachers' Lead Program	-	1,590	1,590
Charge for services	54,900	38,480	(16,420)
Fundraising income	5,000	5,494	494
Total Revenues	944,150	760,136	(184,014)
EXPENDITURES:			
Instructional services	251,544	279,748	28,204
Instructional exceptional	37,205	960	(36,245)
Pupil personnel services	10,800	24,429	13,629
Instructional and curriculum development	44,213	9,122	(35,091)
Instructional media	25,250	-	(25,250)
Instructional staff training	9,000	3,618	(5,382)
Board	18,500	16,749	(1,751)
School Administration	168,000	176,792	8,792
Facilities Acquisition & Construction	147,727	187,612	39,885
Fiscal Services	53,085	60,882	7,797
Food Services	-	9,197	9,197
Pupil Transportation Services	33,000	25,442	(7,558)
Operation of Plant	71,830	44,573	(27,257)
Maintenance of Plant	14,958	14,002	(956)
Total Expenditures	885,112	853,126	(31,986)
Excess (Deficiencies) of Expenditures and Financing Sources Over Revenues	59,038	(92,990)	(152,028)
Other financing sources:			
Loan proceeds	-	75,007	75,007
Net Change in fund balance	\$ 59,038	\$ (17,983)	\$ (77,021)
Fund balance at beginning of year		-	
Fund deficit at end of year		\$ (17,983)	

**SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
BOARD OF BROWARD COUNTY
FOR THE YEAR ENDED JUNE 30, 2007**

GENERAL INFORMATION

BOARD OF DIRECTORS

2007

G. Oliver Barnes	<i>President</i>
Donald King	<i>Board Member</i>
Sonia Barnes	<i>Board Member</i>
Enid McKoy	<i>Board Member</i>
Walter Thomas	<i>Board Member</i>

SCHOOL ADMINISTRATION

Valerie Thompson, Principal

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT**

To the Board of Directors of
Sunrise Community Charter School
Broward County, Florida

We have audited the compliance of Sunrise Community Charter School (the "School") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the years ended June 30, 2007. Sunrise Community Charter School's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the organizations' management. Our responsibility is to express an opinion on Sunrise Community Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Sunrise Community Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sunrise Community Charter School's compliance with those requirements.


In our opinion, Sunrise Community Charter School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended June 30, 2007.

Internal Control over Compliance

The management of Sunrise Community Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Sunrise Community Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, the School Board of Broward County, Florida, all applicable state agencies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Gardner & Associates, P.A.
September 30, 2007



**7005 North Augusta Drive
Miami, FL 33015
Tel: 305-775-2181
Fax: 305-757-5856**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors of
Sunrise Community Charter School
Broward County, Florida

We have audited the financial statements of Sunrise Community Charter School (the "School") as of June 30, 2007 and for the year then ended and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School's Board of Directors, Broward County Commission, the School Board of Broward County, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Carol Gardner, CPA
Gardner & Associates, P.A.
September 30, 2007

7005 North Augusta Drive
Miami, FL 33015
Tel: 305-775-2181
Fax: 305-757-5856

MANAGEMENT LETTER

To the Board of Directors of
Sunrise Community Charter School
Broward County, Florida


We have audited the financial statements of Sunrise Community Charter School (the "School"), as of June 30, 2007 and for the year then ended and have issued our report thereon dated September 30, 2007.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." We have issued our Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 30, 2007, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General.

The Rules of Auditor General (Section 10.654 (1)(d) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the special purpose financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

This management letter is intended solely for the information of Sunrise Community Charter School, the School Board of Broward County, management, and the State of Florida Office of the Auditor General and is not intended to be or should not be used by anyone other than these specified parties.

Sincerely,


Gardner & Associates, P.A.
September 30, 2007

**SUNRISE COMMUNITY CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
MANAGEMENT LETTER**

A. Findings

1. The Accounting Manual Has Not Been Finalized and Updated.

Sunrise Community Charter School does not have a finalized accounting manual.

Recommendation: Management should ensure that the accounting manual is completed as soon as possible and utilized in the organization by those performing the accounting functions.

Management Response: Management will complete the accounting manual during fiscal year 2007/2008.

2. The check requests are not attached to invoices.

Sunrise Community Charter School does not have check requests attached to invoices when preparing payments.

Recommendation: Management should ensure that check requests are approved and attached to the invoices upon payment this will ensure that invoices are not paid twice.

Management Response: Management will make sure that all check requests and payments are approved and attached to the invoice. Management has already implemented this policy.