

**Whispering Winds
Charter School**

**Financial Statements
And
Independent Auditors' Report**

June 30, 2007

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
JUNE 30, 2007
WHISPERING WINDS CHARTER SCHOOL

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Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Whispering Winds Charter School

We have audited the accompanying financial statements of the governmental activities and each major fund of Whispering Winds Charter School (the "School"), a component unit of the Levy County District School Board, as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 7, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kattell and Company, P.L.

September 7, 2007
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following are various financial highlights for fiscal year 2007:

- The School's overall net assets decreased by approximately \$2,000, which is about 1%.
- Total ending unrestricted net assets were approximately \$98,000.
- The School had total expenses for the year of about \$665,000, compared to revenues of approximately \$663,000.
- The School served 107 full time equivalent students in 2007 and 113 in 2006.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. The General Fund, Special Revenue Fund and Capital Projects Funds are considered to be major funds and, accordingly, they are separately displayed.

CONDENSED FINANCIAL INFORMATION

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

Net Assets

	2007 Governmental Activities	2006 Governmental Activities
Assets:		
Non-capital Assets	\$ 169,791	\$ 171,792
Capital Assets, Net	418,240	419,766
Total Assets	<u>588,031</u>	<u>591,558</u>
Liabilities:		
Current Liabilities	5,844	3,412
Long-term Liabilities	90,758	95,156
Total Liabilities	<u>96,602</u>	<u>98,568</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	327,482	324,610
Restricted	66,109	97,336
Unrestricted	97,838	71,044
Total Net Assets	<u>\$ 491,429</u>	<u>\$ 492,990</u>

Change in Net Assets

Program Revenues:		
Charges for Services	\$ 4,233	\$ 2,642
Capital Grants & Contributions	7,392	42,545
General Revenues:		
Title 1 Grant	7,588	15,455
Florida Education Finance Program	631,665	603,976
Other State Revenues	880	1,587
Unrestricted Grants & Contributions	9,483	5,943
Unrestricted Investment Earnings	1,986	1,501
Total Revenues	<u>663,227</u>	<u>673,349</u>
Program Expenses:		
Instruction	437,270	434,093
Instructional Support Services	644	363
General Support	217,889	212,148
Community Service	2,929	2,511
Interest on Long-term Debt	6,056	6,332
Total Expenses	<u>664,788</u>	<u>655,447</u>
Change in Net Assets	(1,561)	18,202
Beginning Net Assets	492,990	474,788
Ending Net Assets	<u>\$ 491,429</u>	<u>\$ 492,990</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$11,625 in program revenues and \$651,602 of general revenues, and incurred \$664,788 of program expenses. This resulted in a \$1,561 decrease in net assets. This decrease is a result of a significant reduction in governmental activities, specifically the capital outlay funding.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$26,794, from \$71,044 to \$97,838. The original budget anticipated a smaller amount of students than the School actually served. As enrollment increased, so did revenues, but the School maintained a conservative level of expenditures throughout the year.

Special Revenue Fund

The Special Revenue Fund's fund balance remained the same at \$0 which means that all grant funds were spent during the year. This is expected due to the nature of the Title I grant funds.

Capital Projects Fund

The fund balance of the Capital Project Fund decreased by \$31,227 from \$97,336 to \$66,109. The Capital Outlay funding was drastically reduced primarily due to low FCAT performance.

BUDGETARY HIGHLIGHTS

General Fund

The final budget increased revenues in order to reflect the enrollment increase over originally expected amounts. However, the School did not need to increase its expenditures by the same amount. There were no significant changes from the final budget and the actual amounts.

Special Revenue Fund

The school decreased the special revenue fund budget since the school did not utilize the Title 1 funding for teacher salaries. There were no significant changes from the final budget to the actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School purchased pupil transportation vehicles, computers and completed renovations to the campus. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration

The School did not acquire new debt and made scheduled payments on previously existing debt. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

The School is eligible for Capital Outlay funding for the upcoming year and is expected to receive over \$70,000.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Whispering Winds Charter School at Post Office Box 506; Chiefland, Florida 32644.

Statement of Net Assets
June 30, 2007
Whispering Winds Charter School

Assets	Governmental Activities
Assets:	
Cash	\$ 162,819
Accounts Receivable	6,192
Deposits	780
Capital Assets:	
Land	69,505
Depreciable Capital Assets, Net	<u>348,735</u>
Total Assets	<u>588,031</u>
Liabilities	
Liabilities:	
Accounts Payable	5,844
Long-Term Note Payable:	
Due Within One Year	4,692
Due In More Than One Year	<u>86,066</u>
Total Liabilities	<u>96,602</u>
Net Assets	
Net Assets:	
Invested in Capital Assets, Net of Related Debt	327,482
Restricted for:	
Public Education Capital Outlay	66,109
Unrestricted	<u>97,838</u>
Total Net Assets	<u>\$ 491,429</u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2007
Whispering Winds Charter School

	Program Revenues				Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Change in Net Assets
Functions/Programs:					
Governmental Activities:					
Instruction	\$ 437,270	\$ --	\$ --	\$ --	\$ (437,270)
Instructional Support Services	644	--	--	--	(644)
General Support	217,889	4,233	--	7,392	(206,264)
Community Services	2,929	--	--	--	(2,929)
Interest on Long-Term Debt	6,056	--	--	--	(6,056)
Total	\$ 664,788	\$ 4,233	\$ --	\$ 7,392	(653,163)
General Revenues:					
Federal through State:					
Title I Grant					7,588
State Revenue:					
Florida Education Finance Program					631,665
Other State Revenues					880
Unrestricted Grants and Contributions					9,483
Unrestricted Investment Earnings					1,986
Total General Revenues					651,602
Change in Net Assets					(1,561)
Net Assets – Beginning of Year					492,990
Net Assets – End of Year					\$ 491,429

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2007
Whispering Winds Charter School

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Assets:				
Cash	\$ 96,710	\$ --	\$ 66,109	\$ 162,819
Accounts Receivable	6,192	--	--	6,192
Deposits	780	--	--	780
Total Assets	<u>\$ 103,682</u>	<u>\$ --</u>	<u>\$ 66,109</u>	<u>\$ 169,791</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 5,844	\$ --	\$ --	\$ 5,844
Fund Balances:				
Reserved for:				
Public Education Capital Outlay	--	--	66,109	66,109
Unreserved	97,838	--	--	97,838
Total Fund Balances	<u>97,838</u>	<u>--</u>	<u>66,109</u>	<u>163,947</u>
Total Liabilities and Fund Balances	<u>\$ 103,682</u>	<u>\$ --</u>	<u>\$ 66,109</u>	<u>\$ 169,791</u>

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Assets-
Governmental Funds
June 30, 2007
Whispering Winds Charter School**

Fund Balances – Total Governmental Funds \$ 163,947

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

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation 418,240

Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net assets.

Long-Term Liabilities (90,758)

Net Assets of Governmental Activities \$ 491,429

See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007
Whispering Winds Charter School**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Revenues:				
Federal through State:				
Title I Grant	\$ --	\$ 7,588	\$ --	\$ 7,588
State Revenue:				
Florida Education Finance Program	631,665	--	--	631,665
Public Education Capital Outlay	--	--	7,392	7,392
Other State Revenue	880	--	--	880
Local Revenue:				
Gifts and Fundraising	1,027	--	--	1,027
Interest Income	1,986	--	--	1,986
Meal Service	4,233	--	--	4,233
Other Local Revenues	8,456	--	--	8,456
Total Revenues	648,247	7,588	7,392	663,227
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	425,554	7,420	--	432,974
Instructional Support Services	476	168	--	644
General Support	192,494	--	--	192,494
Community Services	2,929	--	--	2,929
Capital Outlay	--	--	28,165	28,165
Debt Service:				
Principal	--	--	4,398	4,398
Interest	--	--	6,056	6,056
Total Expenditures	621,453	7,588	38,619	667,660
Excess of Revenues Over(Under) Expenditures	26,794	--	(31,227)	(4,433)
Fund Balances, July 1, 2006	71,044	--	97,336	168,380
Fund Balances, June 30, 2007	\$ 97,838	\$ --	\$ 66,109	\$ 163,947

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2007
Whispering Winds Charter School**

Excess of Revenues over Expenditures – Total Governmental Funds \$ (4,433)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	28,165
Current Year Depreciation Expense	(29,691)

Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.

Current Year Principal Payments	4,398
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Change in Net Assets of Governmental Activities \$ (1,561)

See accompanying notes.

Notes to the Financial Statements
June 30, 2007
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Whispering Winds Charter School conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

Whispering Winds Charter School, Inc. 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 not-for-profit corporation conducts business as Whispering Winds Charter School (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors.

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 Levy County District School Board (the “District”). The current charter is effective until June 30, 2019, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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

Government-wide Financial Statements

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

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

Notes to the Financial Statements
June 30, 2007
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (concluded)

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

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

Fund Financial Statements

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

The following funds are used by the School:

GOVERNMENTAL FUNDS

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

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

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

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no nonmajor funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are

Notes to the Financial Statements
June 30, 2007
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (concluded)

recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions and purchases non negotiable certificates of deposit in financial institutions. At June 30, 2007, approximately \$3,000 was held in excess of FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. An offsetting “reserve” is reported in the fund financial statements to indicate that they do not represent available expendable resources. There were no such amounts at June 30, 2007.

Capital Assets and Depreciation

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

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Improvements	20-30
Furniture, Fixtures and Equipment	5-10
Motor Vehicles	5

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Notes to the Financial Statements
June 30, 2007
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Compensated Absences

The School pays for employees' unused sick time at a rate of 50%. All unused sick time is paid out at the end of the school year and unused time does not accumulate. The school does not pay for employees' unused vacation time and unused time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. In the fund financial statements, long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Assets

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets, net of related debt*, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net assets are net assets that do not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Reserved Fund Balance

In the accompanying fund financial statements, the use of the term *reserved* is limited to indicating that a portion of reported fund equity is legally restricted to a specific future use or is not available for appropriation or expenditure.

Use of Estimates

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

Notes to the Financial Statements
June 30, 2007
Whispering Winds Charter School

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital Assets:				
Land	\$ 69,505	\$ --	\$ --	\$ 69,505
Buildings	320,791	--	--	320,791
Improvements	53,283	9,747	--	63,030
Furniture, Fixtures & Equipment	81,773	3,988	--	85,761
Motor Vehicles	--	14,430	--	14,430
Total Capital Assets	525,352	28,165	--	553,517
Accumulated Depreciation:				
Buildings	39,345	15,504	--	54,849
Improvements	14,781	2,751	--	17,532
Furniture, Fixtures & Equipment	51,460	9,993	--	61,453
Motor Vehicles	--	1,443	--	1,443
Total Accumulated Depreciation	105,586	29,691	--	135,277
Net Capital Assets	\$ 419,766	\$ (1,526)	\$ --	\$ 418,240

Depreciation was charged to functions/programs as follows:

Instruction	\$ 4,296
General Support	<u>25,395</u>
Total Depreciation Expense	<u>\$ 29,691</u>

NOTE 3 – LONG-TERM LIABILITIES

During the year ended June 30, 2005, the School executed a note payable in the amount of \$100,000 payable at 6.5% interest for 15 years. The proceeds of the note were used to finance the purchase of a parcel of land.

Long-term debt activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Note Payable	<u>\$95,156</u>	<u>\$ -</u>	<u>\$4,398</u>	<u>\$90,758</u>	<u>\$4,692</u>

Notes to the Financial Statements
June 30, 2007
Whispering Winds Charter School

NOTE 3 – LONG-TERM LIABILITIES (concluded)

Debt service payments are due as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 4,692	\$ 5,761	\$ 10,453
2009	5,008	5,445	10,453
2010	5,342	5,111	10,453
2011	5,699	4,754	10,453
2012	6,081	4,372	10,453
2013	6,488	3,965	10,453
2014	6,923	3,530	10,453
2015	7,387	3,066	10,453
2016	7,881	2,572	10,453
2017	8,409	2,044	10,453
2018	8,972	1,481	10,453
2019	9,573	880	10,453
2020	8,303	45	8,348
Total	<u>\$ 90,758</u>	<u>\$ 43,026</u>	<u>\$ 133,784</u>

NOTE 4 – RISK MANAGEMENT

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

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The Board of Directors of the School has established a defined contribution SIMPLE IRA retirement plan covering all employees with at least \$5,000 compensation in the calendar year. The plan is administered by a mutual fund company. Participants may elect to defer a portion of their salaries to be invested in the plan. The tax law specifies an annual dollar limit on employee contributions. The School must match these contributions up to a limit of three percent of the employee's compensation. Participants are fully vested in all contributions. For the year ended June 30, 2007, the employees contributed \$6,544 and the School contributed \$4,679.

The Board of Directors has the authority to amend or terminate the plan although it has expressed no intention to do so.

**Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2007
Whispering Winds Charter School**

<u>BUDGETED AMOUNTS</u>				
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Revenues:				
State Revenue:				
Florida Education Finance Program	\$591,000	\$629,207	\$631,665	\$ 2,458
Other State Revenue	--	880	880	--
Local Revenue:				
Gifts and Fundraising	1,200	1,027	1,027	--
Interest Income	1,200	1,986	1,986	--
Meal Service	2,500	4,233	4,233	--
Other Local Revenue	1,500	8,456	8,456	--
Total Revenues	597,400	645,789	648,247	2,458
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	413,777	427,283	425,554	1,729
Instructional Support Services	500	476	476	--
General Support	181,390	192,352	192,494	(142)
Community Services	1,200	2,929	2,929	--
Total Expenditures	596,867	623,040	621,453	1,587
Excess of Revenues Over (Under)Expenditures	533	22,749	26,794	4,045
Fund Balances, July 1, 2006	71,044	71,044	71,044	71,044
Fund Balances, June 30, 2007	\$ 71,577	\$ 93,793	\$ 97,838	\$ 75,089

Note to Schedule:

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

**Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2007
Whispering Winds Charter School**

	<u>BUDGETED AMOUNTS</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenues:				
Federal through State: Title I Grant	\$ 22,000	\$ 7,588	\$ 7,588	\$ --
Total Revenues				--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	16,160	7,420	7,420	--
Instructional Support Services	5,500	168	168	--
General Support	100	--	--	--
Total Expenditures	21,760	7,588	7,588	--
Excess of Revenues Over (Under)Expenditures	240	--	--	--
Fund Balances, July 1, 2006	--	--	--	--
Fund Balances, June 30, 2007	\$ 240	\$ --	\$ --	\$ --

Note to Schedule:

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

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

4055 NW 43rd Street, Suite 28 Gainesville, Florida 32606 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

MANAGEMENT LETTER

To the Board of Directors,
Whispering Winds Charter School

We have audited the financial statements of Whispering Winds Charter School (the "School"), as of and for the year ended June 30, 2007, and have issued our report thereon dated September 7, 2007. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not findings reported in the preceding audit report have been corrected and recommendations made in the preceding audit report have been followed. In that regard, there were no prior year audit findings.

Financial Emergency

The scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. We determined that the School has not met one or more of the conditions described in that section that are indicative of a state of financial emergency.

Other Matters

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

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

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

Kattell and Company, P.L.

September 7, 2007
Gainesville, Florida

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

4055 NW 43rd Street, Suite 28 Gainesville, Florida 32606 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,
Whispering Winds Charter School

We have audited the financial statements of the governmental activities and each major fund of Whispering Winds Charter School (the "School") as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 7, 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 (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our consideration of internal control 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 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

Kattell and Company, P.L.

September 7, 2007
Gainesville, Florida



Whispering Winds Charter School

12390 NW Old Fannin Road, Chiefland, FL 32626
(352) 490-5799 Fax (352) 490-7242

September 7, 2007

To: Steve Kattell

Kattell and Company

4055 NW 43rd Street

Gainesville, Florida 32606

From: J. Suzann Cornell, Principal

Whispering Winds Charter School

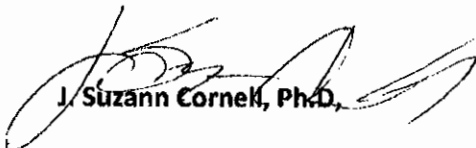
RESPONSE TO AUDIT FINDINGS ON 2006-2007 AUDIT

Findings: Kattell and Company found no significant findings in the 2006-2007 school year.

We thank you and your staff for their friendly and professional services delivered. As you are aware, the time of the audit coincides with the beginning of our school year. We appreciate your willingness to adjust your schedule to allow us to serve our children.

We look forward to working with you in the future.

Sincerely,



J. Suzann Cornell, Ph.D.

Principal