

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT
UNIT OF THE SCHOOL BOARD OF
BREVARD COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

YEAR ENDED JUNE 30, 2008

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

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INTRODUCTORY SECTION

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**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**

**OFFICERS OF THE BOARD OF DIRECTORS
JUNE 30, 2008**

Gary Boyer	Chairman
Ken Ward	Vice Chairman
Robert Batchelor	Secretary
John Boelke	Treasurer

FINANCIAL SECTION

JANES, KEY & DINHO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

2717 N. Wickham Road • Suite 3 • Melbourne, Florida 32935

321-752-6000 • Fax 321-752-6003

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brevard Innovative Charter Schools, Inc.

We have audited the accompanying financial statements of the governmental activities of Brevard Innovative Charter Schools, Inc., a component unit of the School Board of Brevard County, Florida, as of and for the year ended June 30, 2008, which collectively comprise the government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Brevard Innovative Charter Schools, Inc. 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 the 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 of Brevard Innovative Charter Schools, Inc., as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2008, on our consideration of Brevard Innovative Charter Schools, Inc.'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.

Board of Directors
Brevard Innovative Charter Schools, Inc.

The management's discussion and analysis and budgetary comparison information on pages 7 through 13 and 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Janes, Key & Dinho, P.A.
Janes, Key & Dinho, P.A.
Certified Public Accountants

September 22, 2008

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008

Management of Brevard Innovative Charter Schools, Inc. are required to present the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds. Please read it in conjunction with the School's accompanying financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components, the first two of which are presented side by side on the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances as the right column and left columns, respectively:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis and budgetary information.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating.

The government-wide statements present the School's activities in the category of governmental activities. This represents the School's educational programs. Support functions such as administration are also included. The state's education finance program provides most of the resources that support these activities.

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Over a period of time, changes in the School's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the School's student enrollment and the condition of the School's capital assets, including its school buildings and administrative facilities.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others may be created by legal agreements. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

All of the School's funds may be classified within the following broad fund category:

- Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, a reconciliation of governmental funds to governmental activities for both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are provided in the notes to the financial statements.

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The School's net assets were \$820,344 at June 30, 2008. Of this amount, \$270,102 was invested in capital assets, net of related debt and \$9,158 was board designated, leaving \$541,084 in unrestricted net assets.

Current assets are higher at June 30, 2008 than the prior year because of the assets generated by the current year's operations.

Summary of Net Assets

	Governmental Activities		Amount Change	% Change
	<u>2008</u>	<u>2007</u>		
Current and other assets	\$ 609,360	\$ 428,591	\$ 180,769	42%
Capital assets	<u>275,073</u>	<u>325,791</u>	<u>(50,718)</u>	-16%
Total assets	<u>884,433</u>	<u>754,382</u>	<u>130,051</u>	17%
Long-term debt outstanding	4,971	14,693	(9,722)	-66%
Other liabilities	<u>59,118</u>	<u>95,242</u>	<u>(36,124)</u>	-38%
Total liabilities	<u>64,089</u>	<u>109,935</u>	<u>(45,846)</u>	-42%
Net assets:				
Invested in capital assets, net of debt	270,102	283,034	(12,932)	-5%
Unrestricted	<u>550,242</u>	<u>361,413</u>	<u>188,829</u>	-52%
Total net assets	<u>\$ 820,344</u>	<u>\$ 644,447</u>	<u>\$ 175,897</u>	27%

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Change in Net Assets

The School's change in net assets was approximately \$176,000 for the year ended June 30, 2008.

The state's education finance program provides 89% of the School's revenues, with the remainder coming from local sources. The state funding is based on student enrollment, which increased to 396 full time equivalent students (FTE) in 2008 from 393 FTE in 2007. Funding per student increased approximately 6% for the 2008 fiscal year.

The cost of the program was approximately \$2.9 million, of which 62% was personnel cost. Instruction costs increased approximately \$110,000, mainly due to the addition of a new classroom with related staffing and textbooks, higher employee benefit costs and payments of state-provided bonuses for three National Board Certified Teachers.

School administration costs increased approximately \$51,000, mainly due to increased levels of support in technology and general administration and increased employee benefit costs.

Summary of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>2008</u>	<u>2007</u>		
Revenues				
Program revenues				
Charges for services	\$ 219,280	\$ 226,738	\$ (7,458)	-3%
General revenues				
Other government funding not restricted to specific programs	2,723,957	2,622,998	100,959	4%
Interest	8,925	3,493	5,432	156%
Other income	119,987	132,429	(12,442)	-9%
Total revenues	<u>3,072,149</u>	<u>2,985,658</u>	<u>86,491</u>	3%
Expenses				
Instruction	1,766,676	1,657,100	109,576	7%
Instructional support services	5,152	10,905	(5,753)	-53%
Instructional media services	21,300	19,428	1,872	10%
Instructional staff training	6,155	7,412	(1,257)	100%
School administration	387,518	336,185	51,333	15%
Facilities acquisition	411,670	379,820	31,850	8%
Fiscal services	20,475	34,722	(14,247)	-41%
Food service	27,084	34,288	(7,204)	-21%
Pupil transportation	43,893	38,463	5,430	14%
Operation of plant	195,099	194,929	170	0%
Maintenance of plant	10,923	20,536	(9,613)	-47%
Interest on long-term debt	307	594	(287)	-48%
Total expenses	<u>2,896,252</u>	<u>2,734,382</u>	<u>161,870</u>	6%
Change in net assets	<u>\$ 175,897</u>	<u>\$ 251,276</u>	<u>\$ (75,379)</u>	-30%

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

At June 30, 2008, the School's governmental funds reported a combined fund balance of approximately \$530,000, an increase over last year's balance of \$312,099. Included in this year's total change in fund balance is approximately \$40,000 of capital expenditures, consisting primarily of leasehold improvements for the leased educational facility.

The excess of revenues over expenditures in the General Fund was approximately \$218,000 in 2008, comparable to an excess of approximately \$209,000 in 2007. Contributing factors in the current year's results include the increase in state education finance program revenues due to higher student population and increased payment per child.

BUDGET VARIANCES IN THE GENERAL FUND

Since the School is incorporated as a nonprofit entity, budgets are approved by the Board of Directors. The Board of Directors approved a budget for the General Fund for 2008. The budget was amended during the year to adjust for the State Education Finance Plan amendments.

For the General Fund, after adjustment to the budgetary basis, actual charges were approximately \$45,000 higher than the budgeted amounts (representing less than 2 percent of budget), primarily because of discretionary instructional and administrative expenditures made possible through fundraising efforts.

After adjustment to the budgetary basis, actual revenues were approximately \$58,000 higher than budget (representing approximately 2 percent of budget), primarily because of successful fundraising programs.

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of fiscal year 2008, the School had invested approximately \$326,000 in a broad range of capital assets. During the current year, a phone system was purchased for \$13,500 and approximately \$21,000 was invested in leasehold improvements to add a classroom.

	Net of Accumulated Depreciation		% Change
	Governmental Activities		
	<u>2008</u>	<u>2007</u>	
Leasehold improvements	\$ 209,130	\$ 194,149	8%
Equipment	61,334	131,642	-53%
Vehicle	-	-	0%
Construction in progress	<u>4,610</u>	<u>-</u>	0%
Total	<u><u>\$ 275,074</u></u>	<u><u>\$ 325,791</u></u>	-16%

Long-term Debt

At June 30, 2008, the School had approximately \$5,000 in capital lease obligations outstanding. The lease, which is for office equipment, expires in December 2008.

	Outstanding Debt		% Change
	Governmental Activities		
	<u>2008</u>	<u>2007</u>	
Capital lease obligation	<u>\$ 4,971</u>	<u>\$ 14,693</u>	-66%
Total	<u><u>\$ 4,971</u></u>	<u><u>\$ 14,693</u></u>	-66%

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2008**

SIGNIFICANT ECONOMIC FACTORS

The School operates under a charter of the sponsoring School district, the School Board of Brevard County, Florida. The School's current charter, entered into on July 1, 2002, is in effect until 2012.

Student enrollment, which forms the basis for the most significant revenue source for the School, is approximately 396 for the 2007-2008 school year. As stated in the charter agreement, the School can enroll a maximum of 800 students for the upcoming year. The School continues to move forward with controlled growth, adding one new classroom a year.

Plans to purchase the building the School is currently leasing are moving forward. During fiscal 06-07, the School was approved to enter into a conduit bond arrangement. The School is working with an investment banking firm to structure conduit bond financing that will provide funds for them to purchase and further renovate the building. The bond issue, which is to be issued by a state-level not-for-profit financing corporation, is anticipated to be approximately \$4.9 million, with the issuance of bonds and purchase of property expected to occur in late September 2008.

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BASIC FINANCIAL STATEMENTS

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments (Note II. A.)</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$ 501,144	\$ -	\$ 501,144
Due from School Board	58,956	-	58,956
Prepaid expenses	29,260	-	29,260
Deposits	-	20,000	20,000
Other capital assets, net of accumulated depreciation	-	275,073	275,073
TOTAL ASSETS	<u><u>\$ 589,360</u></u>	<u><u>295,073</u></u>	<u><u>884,433</u></u>
LIABILITIES			
Accounts payable	\$ 9,724	-	9,724
Accrued expenses	49,394	-	49,394
Capital lease obligation Due within one year	-	4,971	4,971
TOTAL LIABILITIES	<u><u>59,118</u></u>	<u><u>4,971</u></u>	<u><u>64,089</u></u>
FUND BALANCES (DEFICIT)/NET ASSETS			
Fund balances (deficit):			
Unreserved	<u>530,242</u>	<u>(530,242)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 589,360</u></u>		
Net assets:			
Invested in capital assets, net of related debt		270,102	270,102
Unrestricted		<u>550,242</u>	<u>550,242</u>
TOTAL NET ASSETS		<u><u>\$ 820,344</u></u>	<u><u>\$ 820,344</u></u>

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

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments (Note II. B.)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Current:			
Instruction	\$ 1,701,680	\$ 64,996	\$ 1,766,676
Instructional support services	5,152	-	5,152
Instructional media services	20,027	1,273	21,300
Instruction staff training	6,155	-	6,155
School administration	363,700	23,818	387,518
Facilities acquisition	411,670	-	411,670
Fiscal services	19,225	1,250	20,475
Food service	27,084	-	27,084
Pupil transportation	43,893	-	43,893
Operation of plant	195,099	-	195,099
Maintenance of plant	10,923	-	10,923
Capital outlay	39,369	(39,369)	-
Debt service:			
Principal	9,722	(9,722)	-
Interest	307	-	307
TOTAL EXPENDITURES/EXPENSES	<u>2,854,006</u>	<u>42,246</u>	<u>2,896,252</u>
PROGRAM REVENUES:			
Charges for services	<u>219,280</u>	<u>-</u>	<u>219,280</u>
NET PROGRAM EXPENSE			<u>2,676,972</u>
GENERAL REVENUES			
Other government funding not restricted to specific programs	2,723,957	-	2,723,957
Interest	8,925	-	8,925
Other income	119,987	-	119,987
TOTAL GENERAL REVENUES	<u>2,852,869</u>	<u>-</u>	<u>2,852,869</u>
Excess (deficit) of revenues over expenditures	218,143	(218,143)	-
Change in net assets		175,897	175,897
FUND BALANCES (DEFICIT)/NET ASSETS			
Beginning of the year	312,099	332,348	644,447
End of the year	<u>\$ 530,242</u>	<u>\$ 290,102</u>	<u>\$ 820,344</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Brevard Innovative Charter Schools, Inc., (School) is a not-for-profit corporation organized pursuant to Florida Statutes governing not-for-profit corporations and educational choice (charter schools). The not-for-profit corporation conducts business as Brevard Innovative Charter Schools, Inc. The governing body of the School is the not-for-profit corporation's Board of Directors. The School is accounted for as a governmental not-for-profit organization and is a component unit of the School Board of Brevard County, Florida.

The general operating authority of the School is contained in Florida Statutes. The School operates grades K through 8 as Sculptor Charter School under a charter of the sponsoring School district, the School Board of Brevard County, Florida. The current charter is effective until June 30, 2012, and may be renewed by mutual written agreement between the School and the School Board. 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. The charter school contract provides that in the event the school is dissolved or terminated, any public unencumbered funds and all school property purchased with public funds automatically revert to the School Board of Brevard County. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Other entities that are potential component units of the School that should be reported with the School's basic financial statements are identified based on certain criteria. These criteria include the School's financial accountability for them and the significance of their relationship with the School, such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, the Brevard Innovative Charter Schools PTA associated with the school has been included within the reporting entity of the School as a component unit using blended presentation.

Financial information for the component unit may be obtained at the School's administrative offices.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The statements consist primarily of government activities, which normally are supported by government revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements, consisting of the Statement of Net Assets and the Statement of Activities, 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements, consisting of the Governmental Funds Balance Sheet and the Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances, are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the school considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (cont.)

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major government fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

3. 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.

4. Capital assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Maintenance and repair costs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-7
Equipment under capital lease	5
Vehicle	5
Leasehold improvements	3-7

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

5. Compensated absences

It is the school's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick or vacation leave since the school does not have a policy to pay any amounts when employees separate from service with the school.

6. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Loan costs are deferred and amortized over the life of the related debt.

In the fund financial statements, government fund types report face amount of debt issued as other financing sources and payments of debt principal as other financing uses. Loan costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Revenue Sources

Revenues for current operations are received primarily from the School Board of Brevard County, Florida 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. The District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School receives state 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 awards in which a claim to these periods is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Program revenue includes charges for lunches, preschool programs and care and activities provided outside of the school session.

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Tax Status

The School is exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code, and has been determined to be an organization that is not a private foundation. Contributions to the School are qualified as deductions for charitable contributions.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of differences between the government fund balance sheet and the government-wide statement of net assets:

Total fund balances	\$ 530,242
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	275,073
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	20,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(4,971)</u>
Total net assets	<u><u>\$ 820,344</u></u>

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

II. Reconciliation of government-wide and fund financial statements (continued)

- B. Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

Net change in fund balances -- total governmental funds	\$ 218,143
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.	
Capital outlays	39,369
Depreciation expense	(90,087)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are expensed in the funds	(1,250)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.	
Payments of principal	9,722
Change in net assets of governmental activities	\$ 175,897

III. Stewardship, compliance, and accountability

- A. Budgetary information

Since the School is incorporated as a nonprofit entity, budgets are approved by the Board of Directors. An annual budget for the General Fund is presented on a basis consistent with generally accepted accounting principles, except for the inclusion of internal cost allocations and the exclusion of debt service expenditures. No budget was adopted for other funds.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

IV. Detailed notes on all funds

B. Deposits and investments

Custodial credit risk is the risk that in the event of a bank failure, the school's deposits may not be returned to it. The school does not have a deposit policy for custodial credit risk. At year-end, the school's carrying amount of deposits was \$501,145. The bank balances totaled \$511,567. Of the bank balance, approximately \$403,000 was not covered by federal depository insurance and was uncollateralized.

C. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 4,610	\$ -	\$ 4,610
Total capital assets, not being depreciated	<u>-</u>	<u>4,610</u>	<u>-</u>	<u>4,610</u>
Capital assets, being depreciated				
Leasehold improvements	358,886	21,259	-	380,145
Equipment	124,079	13,500	11,737	125,842
Equipment under capital lease	43,493	-	-	43,493
Vehicle	14,361	-	-	14,361
Total capital assets, being depreciated	<u>540,819</u>	<u>34,759</u>	<u>11,737</u>	<u>563,841</u>
Less accumulated depreciation	<u>215,029</u>	<u>90,087</u>	<u>11,737</u>	<u>293,378</u>
Total capital assets, being depreciated, net	<u>325,790</u>	<u>(55,328)</u>	<u>-</u>	<u>270,463</u>
Capital assets, net	<u>\$ 325,790</u>	<u>\$ (50,718)</u>	<u>\$ -</u>	<u>\$ 275,073</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Function	Amount
Instruction	\$ 64,996
Instructional media services	1,273
School administration	23,818
	<u>\$ 90,087</u>

**BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

IV. Detailed notes on all funds (Continued)

D. Leases

Capital Leases

The School is the lessee of office equipment under a capital lease expiring in December 2008. The assets and liabilities under the capital lease are recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets.

Minimum future lease payments under the capital lease are as follows:

Fiscal year end June 30, 2009	\$ 5,014
Less: amount representing interest	43
Total	\$ 4,971

Operating Lease

The school leases space for the school and its administrative offices. The lease, which began August 2005 and expires in July 2011, requires monthly rent payments in the amount of \$32,760 plus common area maintenance costs, which vary based on actual experience. Rent expense under this lease for fiscal year ended June 30, 2008 totaled approximately \$412,000.

The school is responsible for insurance, utilities and maintenance costs during the term of the lease. The School may also be required to pay common costs per month in addition to the base rent. The amount of common costs is to be adjusted on January 1 of each year to a reasonable estimate of expenses and may not be adjusted more than once every year.

The lease provides for termination upon the purchase of the property by the School at a price not lower than \$2,832,760 or upon a court order prohibiting the School from using the premises as a charter school.

Minimum future lease payments under this operating lease are as follows:

Fiscal year ended June 30, 2009	393,120
2010	393,120
2011	393,120
2012	32,760
Total	\$ 1,212,120

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

IV. Detailed notes on all funds (Continued)

E. Long-term debt

Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Obligation under capital lease	\$ 14,693	\$ -	\$ 9,722	\$ 4,971	\$ 4,971

F. Schedule of general revenue sources

The following is a schedule of general revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
School Board of Brevard County, Florida	
Florida Education Finance Program	\$ 1,633,118
Declining Enrollment Allocation	4,265
Safe Schools	9,515
ESE Guaranteed Allocation	102,751
Supplemental Academic Instruction	120,470
Reading Allocation	3,457
Algebra	7,523
Discretionary Millage	138,439
Discretionary Compression	25,189
Discretionary Lottery	18,041
Instructional Materials Allocation	37,755
Transportation	32,818
Florida Teachers Lead	6,821
Class Size Reduction	391,366
Subtotal	<u>2,531,528</u>
Less : administrative fee	<u>(124,064)</u>
	2,407,464
Capital Outlay Award	256,653
School Recognition	39,300
NBCT Bonus	20,540
Total, School Board of Brevard County	<u>2,723,957</u>
Other local sources	128,912
Total	<u>\$ 2,852,869</u>

Revenue from the School Board of Brevard County, Florida constitutes 89 percent of the School's total revenue, representing a concentration of risk.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

IV. Detailed notes on all funds (Continued)

G. Capital outlay funds

During fiscal 2006, the School used \$256,653 of Capital Outlay funds available under the Charter School Capital Outlay Program. This funding may be used for any capital outlay purpose directly related to the functioning of the charter school. These funds were used to make monthly rent payments for the school facility, and are reflected in the General Fund revenues.

H. Designation of net assets

During fiscal 2003, the Board of Directors designated \$9,158 of net assets to be used as an operating reserve; the reserve remains in place at June 30, 2008.

V. Other information

A. Risk management

The school is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the school carries commercial insurance.

General liability, automotive, and directors and officials liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. There has been no significant change in coverage limits, and no claims have been made over the past three years. Worker's compensation in accordance with statutory limits is provided by the School for its employees.

B. Commitments

Subsequent to year end, the School entered into a contract with the School Board for transportation services for students attending the School for fiscal year ending June 2009. The cost of these services is estimated to be \$27,000.

C. Related party transactions

The School carries out several significant transactions with its sponsor, the School Board of Brevard County. During fiscal 2008, it received funding of \$2,723,957 directly from the School Board. At June 30, 2008, the School had receivables of \$58,956 from the School Board. Both the revenue and the receivable represent concentrations of risk in their respective areas for the School.

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

IV. Other information (continued)

D. Future financing for building purchase

The School is working with an investment banking firm to structure conduit bond financing that will provide funds for them to purchase and further renovate the building they are currently leasing in Titusville, Florida. The bond issue, which is to be issued by a state-level not-for-profit financing corporation, is anticipated to be approximately \$4.9 million, with the issuance of bonds and purchase of property expected to occur in late September 2008.

E. Retirement plan

The School sponsors a defined contribution plan for all employees who have been employed full time with the School for three years. The plan permits voluntary contributions from employees, based on a salary reduction agreement, and provides for employer matching contributions (2% for fiscal 2008). During fiscal 2008, the School made contributions of \$11,535 to the plan; nineteen employees participated, making contributions totaling \$27,872.

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REQUIRED SUPPLEMENTARY INFORMATION

BREVARD INNOVATIVE CHARTER SCHOOLS, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FROM JULY 1, 2007 TO JUNE 30, 2008

	Budget		Actual Amounts Budgetary Basis		Budget to GAAP Differences	Actual Amounts GAAP Basis
	Original	Final				
REVENUES						
Other government funding not restricted to specific programs	\$ 2,772,706	\$ 2,717,557	\$ 2,723,957		\$ -	\$ 2,723,957
Program	220,476	219,705	219,280			219,280
Interest	9,000	9,000	8,925		-	8,925
Other	113,928	112,797	164,987	(1)	45,000	119,987
TOTAL REVENUES	3,116,110	3,059,059	3,117,149		45,000	3,072,149
EXPENDITURES						
Current-education						
Instruction	1,687,851	1,678,517	1,701,680		-	1,701,680
Instructional support services	5,760	5,400	5,152		-	5,152
Instructional media services	19,958	19,912	20,027		-	20,027
Instructional staff training	6,600	6,600	6,155		-	6,155
School administration	463,908	462,942	498,787	(1),(3)	135,087	363,700
Facilities acquisition	448,120	422,120	411,670		-	411,670
Fiscal services	21,000	21,000	19,225		-	19,225
Food services	26,190	26,190	27,084		-	27,084
Pupil transportation	49,092	46,203	43,893		-	43,893
Operation of plant	198,644	193,259	195,099		-	195,099
Maintenance of plant	15,431	11,577	10,923		-	10,923
Capital outlay	40,100	40,100	39,369		-	39,369
Debt service						
Principal	-	-	-	(2)	(9,722)	9,722
Interest	-	-	-	(2)	(307)	307
TOTAL EXPENDITURES	2,982,654	2,933,820	2,979,064		125,058	2,854,006
Excess (deficit) of revenues over expenditures	133,456	125,239	138,085		(80,058)	218,143
Fund balances (deficit), July 1, 2007	-	-	312,099		-	312,099
Fund balances (deficit), June 30, 2008	<u>\$ 133,456</u>	<u>\$ 125,239</u>	<u>\$ 450,184</u>		<u>\$ (80,058)</u>	<u>\$ 530,242</u>

Note: The budget for the General Fund is presented on a basis consistent with generally accepted accounting principles, except for the inclusion of internal cost allocations and the exclusion of debt service expenditures.

Explanation of differences:

(1) The School general fund budget includes internal cost allocations, which do not constitute revenues or expenditures for GAAP	\$ -
(2) The School general fund budget does not include debt service expenditures.	10,029
(2) The School general fund budget includes depreciation expense in the school administration function.	(90,087)
	<u>\$ (80,058)</u>

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

JANES, KEY & DINHO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

2717 N. Wickham Road • Suite 3 • Melbourne, Florida 32935

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

To the Board of Directors
Brevard Innovative Charter Schools, Inc.

We have audited the accompanying financial statements of the governmental activities of Brevard Innovative Charter Schools, Inc., as of and for the year ended June 30, 2008, which collectively comprise Brevard Innovative Charter Schools, Inc.'s basic financial statements and have issued our report thereon dated September 22, 2008. 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 Brevard Innovative Charter Schools, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brevard Innovative Charter Schools, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Brevard Innovative Charter Schools, Inc.'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 Brevard Innovative Charter Schools, Inc.'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 Brevard Innovative Charter Schools, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Brevard Innovative Charter Schools, Inc.'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 Brevard Innovative Charter Schools, Inc.'s internal control.

Brevard Innovative Charter Schools, Inc.
Page two

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

This report is intended solely for the information and use of the audit committee, Board of Directors and management of Brevard Innovative Charter Schools, Inc. and the School Board of Brevard County and is not intended to be and should not be used by anyone other than these specified parties.

Janes, Key & Dinho, P.A.

Janes, Key & Dinho, P.A.
Certified Public Accountants

September 22, 2008

JANES, KEY & DINHO, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

2717 N. Wickham Road • Suite 3 • Melbourne, Florida 32935

321-752-6000 • Fax 321-752-6003

MANAGEMENT LETTER

To the Board of Directors
Brevard Innovative Charter Schools, Inc.

We have audited the financial statements of Brevard Innovative Charter Schools, Inc., Florida, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated September 22, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 22, 2008, should be considered in conjunction with this management letter.

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, unless otherwise required to be reported in the report on internal controls and compliance, this letter is required to include the following information.

- The Rules require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal control, whether or not recommendations made in the preceding annual financial audit report have been followed. No recommendations were made in the preceding annual financial audit report.
- The Rules require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.
- The Rules require that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Board of Directors
Brevard Innovative Charter Schools, Inc.

- The Rules require, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- The Rules require that a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Brevard Innovative Charter Schools, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- The Rules require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

The audit report was delivered to Brevard Innovative Charter Schools, Inc. on September 22, 2008. We wish to thank Brevard Innovative Charter Schools, Inc. management and staff for their support and assistance during our audit.

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

Janes, Key & Dinho, P.A.
Janes, Key & Dinho, P.A.
Certified Public Accountants

September 22, 2008