
BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2008

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Broward Community Charter School West, Inc. ("the School") a component unit of The School Board of Broward County as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 22, 2008, on my consideration of the School's internal control over financial reporting and my 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 my 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 my audit.

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida
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The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. I 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, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprised the School's basic financial statements. The accompanying Supplementary Schedule of Expenditures, Budget and Actual - Governmental Fund (General Fund) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wade E. Coffey, P.A.

Palm Beach Gardens, Florida
September 22, 2008

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

Our discussion and analysis of Broward Community Charter School West, Inc.'s ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2008.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School's financial statements which begin on page 7.

For financial statement purposes the School is considered a component unit of The School Board of Broward County which is a primary government entity for financial reporting. The School has included separate statements for the Governmental Fund Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Assets and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School's daily enrolment for fiscal year ended June 30, 2008 was 247 students, 8 less than the number budgeted. The School expects to have an enrollment of 400 students for the school year 2008-2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are recorded when received.

The Statement of Net Assets presents information on all of the School's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund 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.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 12-17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. The School's liabilities exceeded assets by \$25,890 at June 30, 2008.

	NET ASSETS	
	<u>JUNE 30, 2008</u>	<u>JUNE 30, 2007</u>
Current and Other Assets	\$ 16,867	\$ 17,803
Capital Assets	177,457	206,485
Total Assets	<u>\$ 194,324</u>	<u>\$ 224,288</u>
Other Liabilities	220,214	106,723
Total Liabilities	<u>220,214</u>	<u>\$ 106,723</u>
Investment in Capital Assets	177,457	\$ 206,485
Unrestricted	(203,347)	(88,920)
Total Net Assets	<u>\$ (25,890)</u>	<u>\$ 117,565</u>

Revenues from governmental activities totaled \$1,729,226 for the year ended June 30, 2008. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 93.7% of total revenue.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>% of Total</u>		<u>% of Total</u>	
	<u>6/30/08</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/07</u>
State Sources	\$ 1,646,431	87.1	\$ 1,494,050	71.1
Local Sources	160,495	8.5	454,000	21.6
Federal Sources	82,795	4.4	153,750	7.3
TOTAL	\$ 1,889,721	100.00	\$ 2,101,800	100.0

Local revenue sources are primarily Grants. Increases in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>% of Total</u>		<u>% of Total</u>	
	<u>6/30/08</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/07</u>
Instruction	\$ 1,025,837	50.5	\$ 906,154	45.6
ESE Instructional Curriculum Development	27,646	1.4	47,320	2.4
Board Services	80,371	4.0	6,364	-
School Administration	103,323	5.1	171,847	8.7
Facilities Acquisition	174,984	8.6	148,396	7.5
Fiscal Services	290,388	14.3	276,394	13.9
Food Services	64,977	3.2	77,486	3.9
General Administration	6,577	.3	11,973	.6
Operation of Plant	80,153	3.9	74,702	3.8
Maintenance of Plant	143,654	7.1	184,439	9.8
Debt Service	4,700	.2	32,731	1.6
Depreciation	1,538	-	22,774	1.1
TOTAL	\$ 2,033,176	100.0	\$ 1,984,235	100.0

BUDGETARY HIGHLIGHTS

Revenues from all sources were \$464,386 less than amounts budgeted. State revenues were \$309,022 less than budgeted due to enrollment being less than projected, students being enrolled in lower weighted programs, and State budget cuts in FEFP funding. Local revenues were \$181,484 lower than budgeted, primarily shared expenses were included in revenues budgeted and internal funds generated less revenue than anticipated.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

BUDGETARY HIGHLIGHTS (Cont'd.)

School Expenditures were not significantly different than budgeted only \$3,850.

Total fund deficit of the General Fund was \$203,347 at June 30, 2008.

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2008 was \$177,457 (net of depreciation). The investment includes leasehold improvements, furniture and fixtures, computer equipment. The following is a summary of capital assets balances at June 30, 2008:

Leasehold Improvements	\$170,000
Furniture and Fixtures	56,140
Computer Equipment	<u>4,000</u>
	230,140
Accumulated Depreciation	<u>(52,683)</u>
	<u>\$177,457</u>

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- . The Administration believes that the School will achieve a high rating from the Department of Education.
- . The Administration believes that the School will continue to be successful and contribute to the educational requirements of Broward County.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Governmental Fund Balance Sheet (General Fund) Statement of Net Assets
June 30, 2008

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$16,544		\$16,544
Prepayments	323		323
Capital Assets		<u>177,457</u>	<u>177,457</u>
Total Assets	<u>\$16,867</u>	<u>\$177,457</u>	<u>\$194,324</u>
LIABILITIES			
Accounts Payable	\$35,207		35,207
Deferred Revenue	\$71,635		71,635
Accrued Salaries	<u>113,372</u>		<u>113,372</u>
Total Liabilities	<u>220,214</u>		<u>220,214</u>
FUND BALANCE/NET ASSETS			
Undesignated	<u>(203,347)</u>	<u>203,347</u>	
Total Liabilities and Fund Balance	<u>\$16,867</u>		
Net Assets			
Investment in capital assets		177,457	177,457
Unrestricted		<u>(203,347)</u>	<u>(203,347)</u>
Total Net Assets		<u>(\$25,890)</u>	<u>(\$25,890)</u>

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Assets
June 30, 2008

Fund Balance- Governmental Funds (\$203,347)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$230,140	
Less accumulated depreciation	<u>(52,683)</u>	
		\$177,457

Net Assets of Governmental activities (\$25,890)

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
Year ended June 30, 2008

	Governmental <u>Funds</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
REVENUES:			
State sources	\$1,646,431		\$1,646,431
Local sources	160,495		160,495
Federal sources	82,795		82,795
TOTAL REVENUES	<u>1,889,721</u>	<u> </u>	<u>1,889,721</u>
EXPENDITURES/EXPENSES			
Instruction	1,025,837		1,025,837
ESE Instructional	27,646		27,646
Curriculum Development	80,371		80,371
Board Services	103,323		103,323
School Administration	174,984		174,984
General Administration	80,153		80,153
Food Services	6,577		6,577
Fiscal Services	64,977		64,977
Facilities Acquisition	290,388		290,388
Operation of Plant	143,654		143,654
Plant Maintenance	4,700		4,700
Debt Service	1,538		1,538
Capital Outlay			
Depreciation		29,028	29,028
TOTAL EXPENSES	<u>2,004,148</u>	<u>29,028</u>	<u>2,033,176</u>
EXCESS OF EXPENDITURES OVER REVENUES	(114,427)	29,028	(143,455)
Fund Balance/Net Assets			
Beginning of Year	(88,920)		117,565
End of Year	<u>(\$203,347)</u>	<u>\$ 29,028</u>	<u>(\$25,890)</u>

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2008

Net Changes in Fund Balances- Governmental Funds (\$114,427)

Amounts reported for governmental activities in the statement of net assets 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.

Expenditures for capital assets				
Less current year depreciation		<u>(29,028)</u>		<u>(29,028)</u>

Change in Net Assets of Governmental Activities (\$143,455)

The accompanying notes are an integral part of this statement

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
All Governmental Fund (General Fund) Type
Year Ended June 30, 2008

	Governmental Funds		
	Budget	Actual	Variance
REVENUES:			
State sources	\$1,955,454	\$1,646,431	(\$309,023)
Local sources	264,279	160,495	(103,784)
Federal Sources	134,375	82,795	(51,580)
TOTAL REVENUES	2,354,108	1,889,721	(464,387)
EXPENDITURES:			
Instruction	1,040,149	1,025,837	(14,312)
ESE Instructional	10,106	27,646	17,540
Curriculum Development	6,432	80,371	73,939
Board Services	90,566	103,323	12,757
School Administration	229,293	174,984	(54,309)
General Administration	97,773	80,153	(17,620)
Fiscal Services	80,062	64,977	(15,085)
Food Services	12,306	6,577	(5,729)
Facilities Acquisition	264,685	290,388	25,703
Operation of Plant	162,155	143,654	(18,501)
Plant Maintenance	6,771	4,700	(2,071)
Debt Service		1,538	1,538
Capital Outlay			
EXPENDITURES	\$2,000,298	\$2,004,148	\$3,850
Net Changes in Fund Balance	\$353,810	(114,427)	(\$468,237)
Fund Balance, beginning of year		(88,920)	
Fund balance, end of year		(\$203,347)	

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Broward Community Charter School West, Inc. (“the School”) was established as a nonprofit organization in March 2006 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with The School Board of Broward County, Florida. Under the Contract the School provides an education to children, from Kindergarten through the fifth grade, who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the School is considered a component unit of The School Board of Broward County which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee.

The Contract is effective through June 30, 2011. The Contract requires The School Board to provide the School’s primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School a tax-exempt organization under 501(C)(3) of the Internal Revenue Code.

The School’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School’s basic financial statements are the Statements of Net Assets and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School’s governmental type activities are included in the general fund. There are no other major or non major funds. In the Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (cont'd.)

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

Contributed Services and Facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

Budgetary Basis of Accounting

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$750 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Fixtures	5-10 Years
Computer Equipment	5 Years

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 were as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Leasehold Improvements	\$ 170,000	\$ -	\$ -	\$ 170,000
Furniture & Fixtures	56,140	-	-	56,140
Computer Equipment	4,000	-	-	4,000
	230,140	-	-	230,140
Less Accumulated Depreciation	23,655	29,028	-	52,683
NET CAPITAL ASSETS	\$ 206,485	\$ (29,028)	\$ -	\$ 177,457

Depreciation expense of \$29,028 was unallocated during the year ended June 30, 2008.

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description

The School participated in the Florida Retirement System (“the System”), a cost-sharing multi-employer public retirement system (“PERS”), which covers substantially all of the School’s full time and part time employees. All eligible employees, as defined by the State, are covered by the System. Benefits under the Plan vest after six years of service.

Employees who retire at or after age 62 with six years of credited service are entitled to an annual retirement benefit, payable monthly for life. The System also provides for death and disability benefits. The benefit provisions and all other requirements are established by the State Statutes.

The State of Florida issued a publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy

Under the System, the School was required to contribute, effective July 1, 2006, 9.85% of the salary of all employees. The required contribution by the School to the System for the fiscal year ended June 30, 2008, was \$88,538.

**BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
 NOTES TO FINANCIAL STATEMENTS (Cont'd.)
 FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 4 – CONTRACTS

The School has a contract with a company to manage the operations of the School and to provide consulting services. The term of the contract is for 5 years and expires on June 30, 2011. Under the terms of the Contract the company received 4% of revenues of the School. Fees paid under this contract for the year ended June 30, 2008 were approximately \$42,711.

NOTE 5– RELATED PARTY TRANSACTIONS

The Board of Directors for this School is the same Board of Directors for two other Charter Schools that are all located in the same City: Broward Community Charter School and Broward Community Charter Middle School. The School has a contract to sublease its facilities from Broward Community Charter School. (See NOTE 6).

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The School subleased its administrative and classroom facilities from a related entity (see NOTE 5) under a ten year non-cancelable operating lease that expires in January 2017. Annual rental expenses were approximately \$290,000 for the year ended June 30, 2008. Minimum payments under this lease, are as follows.

June 30,		
2009	\$	301,000
2010		318,000
2011		334,000
2012		350,000
2013		361,000
2014-2017		1,522,000
	\$	<u>3,186,000</u>

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last year reveals that settled claims have not exceeded insurance coverage.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Risk Management (Cont'd.)

The School receives funding from the State of Florida based on the number of full time equivalent (FTE) students who attend the Charter School. The data is compiled by the School and is subject to audit by the State and if errors are found this could result in amounts having to be repaid to the State or decrease in future allocations. Management believes that the amounts that would have to be remitted back to the State due to errors in their FTE count would not be material to the financial position of the School.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Supplemental Schedule of Expenditures
Budget and Actual- Governmental Fund (General Fund)
Year Ended June 30, 2008

	Governmental Fund		
	Amended and Final Budget	Actual	Variance
Instructional			
Salaries	\$800,978	\$735,565	(\$65,413)
Payroll Taxes	65,150	59,961	(5,189)
Retirement	78,896	72,168	(6,728)
Group Insurance	73,840	88,933	15,093
Workers Compensation	8,010	5,639	(2,371)
Contracted Services		12,838	12,838
Travel	1,003	6,627	5,624
Instructional materials	5,504	21,606	16,102
Purchased Services	6,768	22,500	15,732
Total Instructional	<u>\$1,040,149</u>	<u>\$1,025,837</u>	<u>(\$14,312)</u>
ESE Instructional			
Contracted Services	\$9,677	\$27,646	\$17,969
Materials	429		(429)
	<u>10,106</u>	<u>27,646</u>	<u>17,540</u>
Curriculum Development			
Testing and Assessment	\$6,432	\$16,531	\$10,099
Materials & Supplies		57,135	57,135
Travel		6,705	6,705
	<u>\$6,432</u>	<u>\$80,371</u>	<u>\$73,939</u>
Board Services			
Contract Services	\$61,441	\$42,711	(\$18,730)
Insurance	7,666	49,112	41,446
Professional	7,500	3,448	(4,052)
Purchased services	13,959	8,052	(5,907)
Total Board Services	<u>\$90,566</u>	<u>\$103,323</u>	<u>\$12,757</u>
School Administration			
Salaries	\$162,282	\$119,305	(\$42,977)
Payroll taxes	12,846	10,570	(2,276)
Retirement	15,985	13,093	(2,892)
Group Insurance	9,230	16,128	6,898
Workers Compensation	1,623	979	(644)
Contracted Services	2,948	585	(2,363)
Advertising	5,456	1,753	(3,703)
Office Expenses	14,898	12,571	(2,327)
Travel	4,025		(4,025)
Total School Administration	<u>\$229,293</u>	<u>\$174,984</u>	<u>(\$54,309)</u>

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
Supplemental Schedule of Expenditures
Budget and Actual- Governmental Fund (General Fund)
Year Ended June 30, 2008

	Governmental Fund		
	Amended and Final Budget	Actual	Variance
Facilities Acquisition			
Facility lease	\$264,685	\$290,388	\$25,703
General Administration			
District Admin fees	\$97,773	\$80,153	(\$17,620)
Fiscal Services			
Professional & Technical	\$80,062	\$64,977	(\$15,085)
Food Services			
Food Supplies	\$12,306	\$6,577	(\$5,729)
Operation of Plant			
Salaries	\$31,572	\$35,374	\$3,802
Payroll taxes	2,559	2,762	203
Retirement	3,110	3,277	167
Group Insurance	4,615	4,756	141
Workers Compensation	316	1,999	1,683
Contracted services	28,913	19,821	(9,092)
Insurance	40,288	17,683	(22,605)
Communication	5,953	6,913	960
Utilities	41,472	47,282	5,810
Supplies	3,357	3,787	430
Total Operation of Plant	\$162,155	\$143,654	(\$18,501)
Plant Maintenance			
Repairs and Maintenance	\$5,000	\$4,700	(\$300)
Supplies	1,771		(1,771)
	\$6,771	\$4,700	(\$2,071)
Debt Service			
Interest	-	\$1,538	\$1,538

Mark Escoffery, P.A.

Certified Public Accountant

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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 Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida

I have audited the financial statements of Broward Community Charter School West, Inc., (“the School”) (a non-profit organization) as of and for the year ended June 30, 2008, and have issued my report thereon dated September 22, 2008. I conducted my 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 my audit, I considered the School’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the School’s financial statements that is more than inconsequential will not be prevented or detected by the School’s internal control. I consider the deficiency described in the accompanying Management Letter to be a significant deficiency in internal control over financial reporting.

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

**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 (Cont'd.)**

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida
Page 2

Internal Control Over Financial Reporting (Cont'd.)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, that is included in the Management Letter.

This Report is intended solely for the information and use of the Board Members, Management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maude Croffey, P.A.

Palm Beach Gardens, Florida
September 22, 2008

Mark Escoffery, P.A.

Certified Public Accountant

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MANAGEMENT LETTER

To the Board Members of Broward
Community Charter School West, Inc.
Coral Springs, Florida

I have audited the financial statements of Broward Community Charter School West, Inc., ("the School") as of and for the year ended June 30, 2008, and have issued my report thereon dated September 22, 2008.

I have issued my independent auditor's report on compliance and on internal control over financial reporting dated September 22, 2008. Disclosures in that report, if any, should be considered in conjunction with this Management Letter.

I conducted my 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 of America. Additionally, my audit was conducted in accordance with the Provision 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.

The *Rules of the Auditor General* Section 10.854(1)(d)1 require that I comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the prior year have been implemented.

The *Rules of the Auditor General* Section 10.854(1)(d)2 require that I comment on whether the School has met any of the conditions described in Section 218.503(1), Florida Statutes. The School has met one of the conditions described in Section 218.503(1), Florida Statutes. This is discussed in the Management Letter Comments on Page 23.

The *Rules of the Auditor General* Section 10.854(1)(d)5 require that I state whether there were any findings or recommendations made for the current year. There are findings and recommendations made for the current year. These are noted on Pages 23-24.

The *Rules of the Auditor General* Section 10.855(10) require that I state whether the scope of the audit included the use of financial condition assessment procedures to determine whether deteriorating financial conditions exist pursuant to Section 218.39(5) Florida Statutes. The scope of the audit included the use of financial condition assessment procedures and there was a deteriorating financial condition existing pursuant to Section 218.39(5) Florida Statutes.

**BROWARD COMMUNITY CHARTER SCHOOL, WEST, INC.
MANAGEMENT LETTER COMMENTS**

DETERIORATING FINANCIAL CONDITIONS

Finding

The School is experiencing deteriorating financial conditions. The excess of expenditures over revenues of approximately \$114,000 combined with the deficit in fund balance of approximately \$203,000 indicates that the School is going through financial difficulties. The School's cash balances are \$130,000 less than payables and accrued salaries.

Criteria

Florida Statutes:

Section 218.39(5)

Section 218.503(1)

Effect

The School used funds received from its federally funded Start Up Grant to pay operating expenses because there was insufficient monies available to fund day-to-day operations. This raises questions about the ability of the School to continue as a viable concern. The amount of the funds used to finance operations were approximately \$71,000.

RECOMMENDATION

The School needs to increase its marketing efforts to attract more students in order to generate additional revenues for its operation. In addition Management of the School should prepare an analytical report to determine the number of students needed to break even. They also need to identify working capital sources to finance short term cash requirements.

COMPLIANCE

Finding

The School did not use the funds received through the Start Up Grant based on the budget submitted and approved.

Criteria

Florida Department of Education Project Award Notification 060-2986A-8C305. 84.282 Charter Schools, Title V, Part B.

Effect

The School is in violation of the terms of the Award with the Department of Education and needs to submit a plan as to how these funds will be reimbursed and spent according to the terms of the Award. The amount of funds spent which was not consistent with the Award was approximately \$71,000.

BROWARD COMMUNITY CHARTER SCHOOL WEST, INC.
MANAGEMENT LETTER COMMENTS
(Continued)

COMPLIANCE (Cont'd.)

RECOMMENDATION

The Management Company overseeing the finances of the School should keep track of all expenditures by preparing a Budget to Actual Report and comparing on a monthly basis.

OTHER CURRENT YEAR COMMENTS

My report did not disclose any additional items that would be required to be reported under Chapter 10.854(1)(d) *Rules of the Auditor General*.

The Report is intended solely for the information and use of the School's Board Members, Management, pass-through entities and the State of Florida Office of the Auditor General and is not intended and should not be used by anyone other than these specified parties.

Wanda E. Coffey, P.A.

Palm Beach Gardens, Florida
September 22, 2008