

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY
INDIAN RIVER STATE COLLEGE**

FINANCIAL STATEMENTS

June 30, 2009

**Clark Advanced Learning Center
A Charter School Operated By Indian River State College**

Financial Statements

Fiscal Year Ended June 30, 2009

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Independent Auditors' Report

To the Board of Trustees
Clark Advanced Learning Center
A Charter School Operated By
Indian River State College
Fort Pierce, Florida

We have audited the accompanying statement of net assets of Clark Advanced Learning Center, a Charter School operated by Indian River State College, as of June 30, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note A, the accompanying financial statements were prepared to present financial position, changes in financial position and cash flows of Clark Advanced Learning Center and are not intended to be a complete presentation of the Indian River State College's financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clark Advanced Learning Center, a Charter School operated by Indian River State College as of June 30, 2009, and the changes in its' financial position and its' cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

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Board of Directors
Clark Advanced Learning Center
A Charter School Operated By
Indian River State College
Fort Pierce, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2009 on our consideration of Clark Advanced Learning Center's internal control over financial reporting and our tests of its' compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3-7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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.

This report is intended solely for the information and use of the District Board of Trustees and management of Indian River State College and state and local agencies and should not be used for any other purpose.

*Berger, Toombs, Elam,
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 1, 2009

**INDIAN RIVER STATE COLLEGE
CLARK ADVANCED LEARNING CENTER**

**A CHARTER HIGH SCHOOL OPERATED
BY INDIAN RIVER STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Clark Advanced Learning Center Charter High School at Indian River State College (CALC) for the year ended June 30, 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes, which follow this section.

The CALC is operated by Indian River State College (IRSC) and is housed on the Indian River State College, Chastain Campus in Stuart, Florida. Students attending the CALC enjoy full access to all College facilities, activities and services. Enrollment during fiscal year 2008-2009 consisted of 210 students compared to 188 students in the prior fiscal year.

Using the Financial Statements

This report consists of three basic financial statements: Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows that provides information on the CALC as a whole and presents a long term view of the CALC's finances. The following activities are included in the CALC's basic financial statements:

- The Primary Institution, Clark Advanced Learning Center, is a public charter high school operated by Indian River State College and sponsored by the School Board of Martin County, open to Martin County public, private or home school students who are in the 10th, 11th and 12th grade. The purpose of the CALC is to provide academic and technical education for high school students and the opportunity to complete a high school diploma and an Associate Degree, simultaneously, in either academic transfer or technical education options. The high school is distinguished by application of varied instructional delivery and learning styles, a technology-across-the-curriculum approach and incorporation of an integrated academic seminar series at each grade level.

The Management's Discussion and Analysis (MD&A), financial statements and accompanying Notes are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements: Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.

Statement of Net Assets

The Statements of Net Assets presents a financial picture of the CALC's financial condition at the end of fiscal years 2009 and 2008 by reporting assets (current and non-current), liabilities (current and non-current), and net assets (assets less liabilities).

**INDIAN RIVER STATE COLLEGE
CLARK ADVANCED LEARNING CENTER**

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BY INDIAN RIVER STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

Assets

Total assets of the CALC at the end of the fiscal year were \$1,992,317 of which cash and investments of \$1,932,825 represented the major portion. For 2009, total assets increased by \$345,846 or 21% over the prior fiscal year primarily due to increase in cash and investments from dollars received. Capital assets net of depreciation were \$22,193.

Liabilities

Total liabilities at the end of fiscal year 2009 were \$52,940, a decrease from prior year of \$88,121 or 62%. This decrease is primarily attributed to a decrease in accounts payable due at fiscal year end.

Current liabilities consisting of accounts payable and accrued liabilities were \$31,015 for the fiscal year ended June 30, 2009. This figure represents a decrease of \$107,147 or 78% from the prior fiscal year. Total non-current liabilities consisting of compensated leave payable was \$21,925 compared to \$2,899 in the prior fiscal year.

Net Assets

Net assets were \$1,939,377 and were divided into three major categories, defined as follows:

- o Invested in capital assets, net of related debt and depreciation – This category represents the CALC's net equity in property, plant and equipment.
- o Restricted – This category represents Capital Outlay Funds.
- o Unrestricted – This category represents the net assets held by the CALC that have no formal restrictions placed upon them.

**Condensed Statement of Net Assets
At June 30, 2009**

| | 06/30/2009 | 06/30/2008 |
|----------------------------------|--------------------|--------------------|
| Total Assets | <u>\$1,992,317</u> | <u>\$1,646,471</u> |
| Total Liabilities | \$ 52,940 | \$ 141,061 |
| Total Net Assets | <u>1,939,377</u> | <u>1,505,410</u> |
| Total Liabilities and Net Assets | <u>\$1,992,317</u> | <u>\$1,646,471</u> |

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CLARK ADVANCED LEARNING CENTER**

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For the Year Ended June 30, 2009**

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets, which is generally referred to as the activities statement, presents the total revenues (operating and non-operating) received and expenses (operating and non-operating) paid and owed and income or loss from operations for the fiscal years 2009 and 2008.

Revenues

Non-operating revenues for June 30th fiscal years ending 2009 and 2008 totaled \$1,699,439 and \$1,829,379, respectively, a decrease of \$129,940 or 7%. The CALC received two federal grants from federal sources; namely, the National Science Foundation and the United States Department of Education. Federal and state grant funds totaled \$201,331 in fiscal year 2008-2009 and \$362,114 in the prior fiscal year, representing a decrease of \$160,783 or 44%. This decrease is mainly due to the expiration of a prior year federal funded grant to the CALC sponsor, the School Board of Martin County.

Grants and contract revenues related to non-exchange type agreements are classified as non-operating revenues. In a non-exchange agreement, the CALC receives dollars from another party without directly giving a service or product of equal value in exchange.

The CALC received the same amount of general allocation funding from IRSC for fiscal years 2009 and 2008 totaling \$190,164. The funds were used mainly to support the CALC's operating activities.

Other income totaling \$6,845 consists of reimbursements from students for damaged textbooks and computer parts. This figure represents a decrease of \$14,061 or 67% over the prior fiscal year. Interest income decreased by \$27,220 or 67% compared to prior fiscal year due to lower financial market interest rates.

Expenses

Total operating expenses for the CALC for the June 30th fiscal years ending 2009 and 2008 were \$1,265,472 and \$1,712,948, respectively, representing a decrease of \$447,476 or 26%. This decrease is attributed to the prior year purchase of additional computers, materials, and supplies.

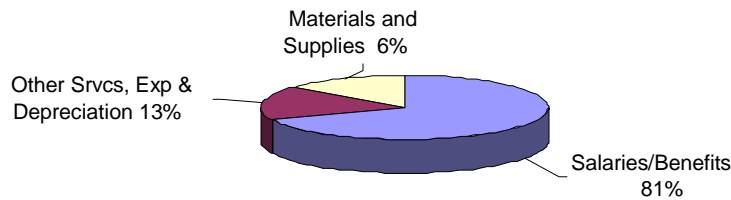
**INDIAN RIVER STATE COLLEGE
CLARK ADVANCED LEARNING CENTER**

**A CHARTER HIGH SCHOOL OPERATED
BY INDIAN RIVER STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

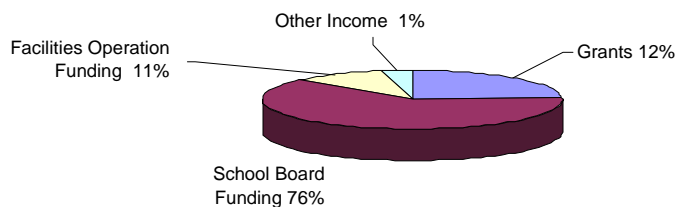
**Condensed Statement of Revenues, Expenses and Changes in Net Assets
For the June 30th Fiscal Years Ended**

| | FYE 2009 | FYE 2008 |
|-----------------------------------|--------------------|--------------------|
| OPERATING EXPENSES: | | |
| Salaries and Benefits | \$1,019,571 | \$1,038,178 |
| Other Services/Exp & Depreciation | 169,332 | 265,974 |
| Materials and Supplies | <u>76,569</u> | <u>408,796</u> |
| Total Operating Expenses | <u>\$1,265,472</u> | <u>\$1,712,948</u> |
| NONOPERATING REVENUES: | | |
| School Board Funding | \$1,287,774 | \$1,215,650 |
| Federal and State Grants | 201,331 | 362,114 |
| Facilities Operation Funding | 190,164 | 190,164 |
| Other Income and Interest | <u>20,170</u> | <u>61,451</u> |
| Total Non-Operating Revenues | <u>\$1,699,439</u> | <u>\$1,829,379</u> |
| CHANGE IN NET ASSETS | \$ 433,967 | \$ 116,431 |
| Net Assets-Beginning of Year | <u>1,505,410</u> | <u>1,388,979</u> |
| Net Assets-End of Year | <u>\$1,939,377</u> | <u>\$1,505,410</u> |

CALC OPERATING EXPENSES FY 2009



CALC NONOPERATING REVENUES FY 2009



Grants
 School Board Funding
 Facilities Operation Funding
 Other Income

**INDIAN RIVER STATE COLLEGE
CLARK ADVANCED LEARNING CENTER**

**A CHARTER HIGH SCHOOL OPERATED
BY INDIAN RIVER STATE COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

Statement of Cash Flows

The Statement of Cash Flows provides a summary of the sources and uses of cash by categories. The primary purpose of the Statement of Cash Flows is to provide information about the CALC's cash receipts and payments during the year and help assess the CALC's ability to generate future net cash flows and meet future obligations.

The major source of cash is the pass through grant funds received from the State of Florida, Department of Education to the CALC sponsor, the School Board of Martin County, totaling \$1,287,774. The main uses of Cash for Operating Activities were payments to suppliers totaling \$345,560 and payments to employees in the amount of \$1,000,545.

The Cash Flows from Noncapital Financing activities include receipts from state and local sources totaling \$1,456,480 and \$201,331 as receipts from federal and national grants.

The Cash Flow from Capital and Investing activities represent interest income earned on investments in the amount of \$13,325.

Overall, cash at the fiscal year end totaled \$1,932,825.

**Condensed Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009**

| | |
|---|----------------------------|
| Cash Flows from Operating Activities | (\$ 1,346,105) |
| Cash Flows from Noncapital Financing Activities | 1,657,811 |
| Cash Flows from Investing Activities | <u>13,325</u> |
| Net Increase in Cash | 325,031 |
| Cash and cash equivalents, beginning of year | <u>1,607,794</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 1,932,825</u></u> |

Economic Factors That Will Affect the Future

Overall, the Clark Advanced Learning Center's financial position is strong and has sufficient unrestricted reserves to offset reductions of State appropriations in the immediate future. For the 2008-2009 Academic School Year, the Clark Advanced Learning Center received an "A" rating from the Florida Department of Education. Indian River State College and the School Board of Martin County are committed to maintaining the high caliber of student enrollment at the CALC to continue its present level of success.

**INDIAN RIVER STATE COLLEGE
CLARK ADVANCED LEARNING CENTER**

**A CHARTER HIGH SCHOOL OPERATED
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

Request For Information

Questions concerning information provided in the MD&A and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President of Administration and Finance, Indian River State College, 3209 Virginia Avenue, Fort Pierce, FL 34981.

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
STATEMENT OF NET ASSETS
June 30, 2009**

ASSETS

| | |
|---|--------------|
| Current Assets | |
| Cash and cash equivalents | \$ 1,932,825 |
| Accounts receivable | 37,299 |
| TOTAL CURRENT ASSETS | 1,970,124 |
| Capital assets, net of accumulated depreciation | 22,193 |
| TOTAL ASSETS | \$ 1,992,317 |

LIABILITIES

| | |
|--|-----------|
| Current Liabilities | |
| Accounts payable and accrued liabilities | \$ 31,015 |
| Noncurrent Liabilities | |
| Accrued compensated leave payable | 21,925 |
| TOTAL LIABILITIES | 52,940 |

NET ASSETS

| | |
|----------------------------|--------------|
| Invested in capital assets | 22,193 |
| Restricted | 169,808 |
| Unrestricted | 1,747,376 |
| TOTAL NET ASSETS | \$ 1,939,377 |

See accompanying notes to financial statements.

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009**

| | |
|--|----------------------------|
| Operating Expenses | |
| Salaries | \$ 846,875 |
| Benefits | 172,696 |
| Other services and expenses | 162,648 |
| Materials and supplies | 76,569 |
| Depreciation | 6,684 |
| Total Operating Expenses | <u>1,265,472</u> |
| Nonoperating Revenues | |
| Intergovernmental revenues Martin County District School Board | 1,287,774 |
| Federal grants | 201,331 |
| Facilities operation funding from Indian River State College | 190,164 |
| Other income | 6,845 |
| Interest income | 13,325 |
| Total Nonoperating Revenues | <u>1,699,439</u> |
| Change in Net Assets | 433,967 |
| Net Assets, July 1, 2008 | <u>1,505,410</u> |
| Net Assets, June 30, 2009 | <u><u>\$ 1,939,377</u></u> |

See accompanying notes to financial statements.

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009**

CASH FLOWS USED BY OPERATING ACTIVITIES

| | |
|---|--------------------|
| Payments to employees | \$ (1,000,545) |
| Payments to suppliers | <u>(345,560)</u> |
| Net cash provided by operating activities | <u>(1,346,105)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|------------------|
| Receipts from state and local sources | 1,456,480 |
| Receipts from federal and national grants | <u>201,331</u> |
| Net cash used by noncapital financing activities | <u>1,657,811</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-----------------|---------------|
| Interest income | <u>13,325</u> |
|-----------------|---------------|

Net Increase in Cash and Cash Equivalents 325,031

Cash and Cash Equivalents - July 1, 2008 1,607,794

Cash and Cash Equivalents - June 30, 2009 \$ 1,932,825

Reconciliation of net operating (loss) to net cash provided by operating activities

| | |
|---|------------------------------|
| Cash flows from operating activities: | |
| Operating income | \$ (1,265,472) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 6,684 |
| Changes in assets and liabilities | |
| Decrease in prepaid expenses | 804 |
| Decrease in accounts payable | (107,147) |
| | <u>19,026</u> |
| Total adjustments | <u>(80,633)</u> |
| Net cash provided by operating activities | <u><u>\$ (1,346,105)</u></u> |

See accompanying notes to financial statements.

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Clark Advanced Learning Center (“The School”) is a charter school operated in Martin County, Florida by Indian River State College (the “College”). It is governed by the District Board of Trustees of the College, who are appointed by the Governor of the State of Florida.

The School is organized and operated in accordance with Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district – The School Board of Martin County, Florida. The original charter became effective on July 1, 2004 for a five-year term ending June 30, 2009. The original agreement has been renewed for an additional five year term upon the mutual consent of the parties. The charter may be terminated by the school board if good cause is shown.

The accompanying financial statements were prepared to present financial position, results of operations and cash flows of Clark Advanced Learning Center and are not intended to be a complete presentation of the College’s financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The School’s accounting policies conform with accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Government Accounting Standards Board (GASB). The School follows Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. GASB allows public colleges various reporting options. The School elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and reporting to include the following components:

- ◆ Management’s Discussion and Analysis (MD&A)
- ◆ Basic Financial Statements
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows (presented using the direct method in compliance with GASB No. 9)
 - Notes to the Financial Statements

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The School's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The School's principal operating activity is instruction. Operating expenses include all fiscal transactions related to instruction as well as administration, academic support, and student services. Nonoperating revenues include Federal, state and local grants and appropriations and investment income.

The statement of net assets is presented in a classified format to distinguish between current and non-current assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the School's policy to first apply the restricted resources to such programs followed by the use of unrestricted resources.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank and cash placed with the State Board of Administration. For cash flow purposes the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Capital Assets

Capital assets, which consist of equipment, are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of receipt. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and improvements.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

| | |
|--|------------|
| Buildings | 40 years |
| Other Structures and Improvements | 10 years |
| Furniture, Machinery and Equipment | 5-10 years |
| Assets Under Capital Leases and Leasehold Improvements | 10 years |

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Pursuant to the provisions of Chapter 250, Part III, Florida Statutes, State Board of Education rules and Board policies, employees earn annual vacation and sick leave based on the length of service, but subject to certain limitations regarding the amount that will be paid upon termination. These earnings for accumulated leave are recorded as a liability in the School's financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – CASH AND CASH EQUIVALENTS

Cash as reported on the Statement of Net Assets, includes the following:

| | |
|------------------|--------------|
| Checking | \$ 800,153 |
| Cash Equivalents | 1,132,572 |
| Petty Cash | 100 |
| Total Cash | \$ 1,932,825 |

Cash for the operation of the School is combined with other cash of the District Board of Trustees of Indian River State College.

Banks qualified as public depositories under Chapter 280, Florida Statutes hold cash deposits of the College. In addition to insurance provided by the Federal Depository Insurance Corporation, all demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

The School follows the Indian River State College investment policy.

Interest Rate Risk - The investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The investment policy of the college limits investments to certain fixed income securities.

Concentration of Credit Risk - The investment policy places a limit on the amount it may invest in any one investment type.

**CLARK ADVANCED LEARNING CENTER
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NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE B – CASH AND CASH EQUIVALENTS (CONTINUED)

The types of deposits and investments and their level of risk exposure as of June 30, 2009 were typical of these items during the fiscal year then ended. The school considers any decline in fair value for certain investments to be temporary.

NOTE C – CHANGES IN CAPITAL ASSETS

A summary of changes in Capital Assets follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--------------------------|------------------------------|-------------------|------------------|---------------------------|
| Furniture & equipment | \$ 40,376 | \$ - | \$ - | \$ 40,376 |
| Accumulated depreciation | (11,499) | (6,684) | - | (18,183) |
| Capital Assets, Net | <u>\$ 28,877</u> | <u>\$ (6,684)</u> | <u>\$ -</u> | <u>\$ 22,193</u> |

NOTE D – NON-CURRENT LIABILITIES

A summary of changes in Non-Current Liabilities follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|----------------------|------------------------------|------------------|------------------|---------------------------|
| Compensated absences | <u>\$ 2,899</u> | <u>\$ 19,026</u> | <u>\$ -</u> | <u>\$ 21,925</u> |

NOTE E – RETIREMENT PLAN

Most employees working in regularly established positions of the College are covered by the Florida Retirement system, a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (the "Plan"). All instructors and supporting staff of the School are employed by Indian River State College. Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 605 Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified ages or number of years of service depending upon the employee's classification. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

**CLARK ADVANCED LEARNING CENTER
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NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE E – RETIREMENT PLAN (CONTINUED)

A Deferred Retirement Option Program (“DROP”), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with the Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

The Plan’s financial statements and other supplemental information are included in the State’s Comprehensive Annual Financial Report, which may be obtained by contacting the Florida Department of Financial Services in Tallahassee, Florida. Also, an annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report and other relevant information may be obtained from the Florida Department of Management Services, Division of Retirement in Tallahassee, Florida.

The contribution rates for Plan members are established, and may be amended, by the State of Florida. Contribution rates during the fiscal year ended June 30, 2009, are presented in the following table:

| <u>Class or Plan</u> | <u>Percent of Gross Salary</u> | |
|---|--------------------------------|-------------------|
| | <u>Employee</u> | <u>Employer A</u> |
| Florida Retirement System, Regular and PEORP | - | 9.85 |
| Florida Retirement System, CCORP | - | 10.43 |
| Florida Retirement System, Special Risk | - | 20.92 |
| Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan | - | 10.91 |
| Florida Retirement System, Reemployed Retiree | (B) | (B) |

(A) Employer rates include the post-employment health insurance supplement of 1.11 percent and .05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The School’s liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the School. The School’s contributions to the Plan (including employee contributions) for the fiscal years ended June 30, 2009, 2008 and 2007 totaled \$73,569, \$51,470 and \$43,885 respectively, which were equal to the required contributions for the fiscal year.

**CLARK ADVANCED LEARNING CENTER
A CHARTER SCHOOL OPERATED BY INDIAN RIVER STATE COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE E – RETIREMENT PLAN (CONTINUED)

State Community College System Optional Retirement Program (CCORP) – Pursuant to Section 1012.875, Florida Statutes, the Florida Legislature created the State Community College System Optional Retirement Program (the “Program”) for eligible community college instructors and administrators. The Program is designed to aid the community college in recruiting employees by offering more portability to those employees who are not expected to remain the Florida Retirement System for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions are allowed to make an irrevocable election to participate in the Program, rather than the Florida Retirement System, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing community college contributes on behalf of the participant 10.43 percent of the participant’s salary. The participant may contribute, by salary reduction, an amount not to exceed the percentage contributed by the community college to the participant’s annuity account. The School had one employee enrolled in the State Community College System Optional Retirement Program for the fiscal year ended June 30, 2009 and required contributions of \$4,263 were made to the Plan.

Public Employee Optional Retirement Program (PEORP) – Pursuant to Section 121.4501, Florida Statutes, and the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program. The program is an option to the Florida Retirement System and is self-directed by the employee. A retirement account is established for each employee who selects this option and an employer contribution is directed to the individual account. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. The School had seven employees enrolled in the Program for the fiscal year ended June 30, 2009 and required contributions of \$24,260 were made to the plan.

NOTE F – INDIRECT COST ALLOCATION

Except for certain indirect costs allowed and charged to the Tech Prep grant, the School’s operating expenses do not include any indirect operating costs of the College, such as facility rent, finance, payroll and administrative services performed by the college. These services are provided by the College at no cost to the School.

**CLARK ADVANCED LEARNING CENTER
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NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE G – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School is insured for these risks through the Florida Community Colleges Risk Management Consortium. The Consortium was created under authority of Section 1001.64(27), Florida Statutes by the Boards of Trustees of the Florida Public Community Colleges for the purpose of joining a cooperative effort to develop, implement and participate in a coordinated statewide community college risk management program. The Consortium is to be self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Insurance coverage obtained through the Consortium included health, dental, fire and extended property, general and automobile liability, workers' compensation and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.



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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 Trustees
Clark Advanced Learning Center
A Charter School Operated By
Indian River State College
Fort Pierce, Florida

We have audited the financial statements of Clark Advanced Learning Center as of and for the year ended June 30, 2009, and have issued our report thereon dated September 1, 2009. 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 Clark Advanced Learning Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clark Advanced Learning Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clark Advanced Learning Center's internal control over financial reporting.

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

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

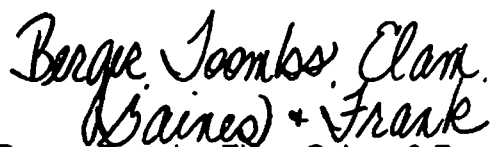
To the Board of Trustees
Clark Advanced Learning Center
A Charter School Operated by
Indian River State College

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 Clark Advanced Learning Center'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 management and is not intended to be and should not be used by anyone other than those specified parties.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 1, 2009



Berger, Toombs, Elam, Gaines & Frank

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Management Letter

To the Board of Trustees
Clark Advanced Learning Center
A Charter School Operated By
Indian River State College
Fort Pierce, Florida

We have audited the financial statements of the Clark Advanced Learning Center, Florida as of and for the year ended June 30, 2009, and have issued our report thereon dated September 1, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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 1, 2009 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. Those rules (Section 10.554(1)(e)) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

The Rules of the Auditor General (Section 10.854(1)(e)1.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

The Rules of the Auditor General (Section 10.854(1)(e)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

Fort Pierce / Stuart



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

To the Board of Trustees
Clark Advanced Learning Center
A Charter School Operated By
Indian River State College

As required by the Rules of the Auditor General (Section 10.854(1)(e)7.), we applied financial conditions assessment procedures. It is Management's responsibility to monitor the entity's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Clark Advanced Learning Center has not met one or more of the conditions described in Section 218.503(1), Florida Statutes and is not in a state of financial emergency.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of Clark Advanced Learning Center and Management, 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.

*Berger, Toombs, Elam,
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

September 1, 2009