

CROSSROAD ACADEMY CHARTER SCHOOL
**(A DIVISION OF COMMUNITY AND
ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)**
FINANCIAL STATEMENTS
JUNE 30, 2010

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
JUNE 30, 2010

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Brooks, Harrison, & Cayer, LLC

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Crossroad Academy Charter School:

We have audited the accompanying special purpose financial statements of Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Organization'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1(c) to the special purpose financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.856(2), Rules of the Auditor General for Audits of Charter Schools and Similar Entities, and are intended to present the financial position and the changes in net assets and its cash flows of only that portion of the financial reporting entity of Community and Economic Development Organization of Gadsden County, Inc. that is attributable to the transactions of Crossroad Academy Charter School. These financial statements do not purport to, and do not, present fairly the financial position of Community and Economic Development Organization of Gadsden County, Inc. as of June 30, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of Crossroad Academy Charter School as of June 30, 2010 and the changes in net assets and its cash flows for the year then ended in conformity with the basis of accounting described in Note 1(c).

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2010, on our consideration of Crossroad Academy Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Crossroad Academy Charter School taken as a whole. The accompanying Schedule of Expenses of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Brooks, Harrison & Cayer

Tallahassee, Florida
August 10, 2010

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,340,752
Due from related parties	2,757
Due from Gadsden County School Board	155,926
Prepaid expenses	23,047
Total current assets	1,522,482
 Restricted assets	
Cash for capital outlay	9,834
Cash for PTO and student activities	20,740
Cash for debt service	147,600
Cash for reserve	3,000
Certificate of deposit for reserve and capital outlay	260,995
Total restricted assets	442,169
 Property and equipment, net of accumulated depreciation of \$250,133	
	3,186,078
 Total Assets	 \$ 5,150,729

LIABILITIES AND NET ASSETS

Current liabilities	
Current portion of notes payable	\$ 52,245
Accounts payable and accrued expenses	287,131
Retainage payable	31,077
Total current liabilities	370,453
Notes payable, less current portion	2,252,248
Net assets, unrestricted	2,528,028
 Total Liabilities and Net Assets	 \$ 5,150,729

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

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Support and revenues

Federal through state	\$ 55,591
Revenue from state sources	2,482,772
Revenue from local sources	12,535
Total support and revenues	<u>\$ 2,550,898</u>

Expenses

Basic instruction	841,008
Instructional media services	5,529
Instruction and curriculum development services	1,157
Instructional staff training	3,353
Board administration	170,655
General administration	76,674
School administration	221,178
Facilities acquisition and construction	7,615
Fiscal services	9,304
Food services	36,738
Information services	791
Other central services	1,501
Pupil transportation services	40,025
Operation of plant	63,100
Maintenance of plant	74,506
Debt service	54,493
Total expenses	<u>1,607,627</u>

Increase in unrestricted net assets

943,271

Net assets, unrestricted, beginning of year

1,584,757

Net assets, unrestricted, end of year

\$ 2,528,028

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash flows from operating activities	
Cash received from grantors, programs and other	\$ 2,021,681
Cash paid to suppliers and employees	(1,384,842)
Interest paid	(54,493)
Net cash provided by operating activities	582,346
 Cash flows from investing activities	
Purchases of property and equipment	(420,348)
Purchase of certificate of deposit	(10,995)
Net cash used in investing activities	(431,343)
Net increase in cash and cash equivalents	151,003
Cash and cash equivalents, beginning of year	1,370,923
Cash and cash equivalents, end of year	\$ 1,521,926
 Reconciliation of increase in unrestricted net assets to net cash provided by operating activities:	
Increase in unrestricted net assets	\$ 943,271
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation	54,649
Decrease in prepaid expenses	4,613
Decrease in due from Gadsden County School Board	13,052
Increase in due from related parties	(2,757)
Increase in accounts payable and accrued expenses	109,030
Decrease in deferred revenue	(539,512)
Total adjustments	(360,925)
Net cash provided by operating activities	\$ 582,346

Supplemental schedule of non-cash investing and financing activities:

The Organization financed \$1,581,689 for construction of a new school and addition to the school.

The financing also paid down accounts payable of \$246,779 and retainage payable of \$74,397.

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
SCHEDULE OF EXPENSES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Crossroad Academy Charter School (“the Organization”) which affect significant elements of the accompanying financial statements:

- (a) **Purpose of Crossroad Academy Charter School**—Crossroad Academy Charter School was formed to provide a year round, alternative educational system to assist “at risk” students in preparing academically, socially, and culturally to be responsible participants in our society.
- (b) **Basis of Accounting**—The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.
- (c) **Basis of Presentation**—The financial statements were prepared solely for the purpose of complying with Chapter 10.850, Rules of the Auditor General of the State of Florida, and are not intended to be a complete presentation of Community and Economic Development Organization of Gadsden County, Inc.. Financial statement presentation follows the recommendations of the Financial Accounting Codification, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- (d) **Property and Equipment**—Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is recorded at cost when purchased. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty nine years.

- (e) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and certificates of deposit with original maturities of less than ninety days.
- (f) **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.

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

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
SCHEDULE OF EXPENSES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

(1) **Summary of Significant Accounting Policies:** (Continued)

- (g) **Income Taxes**—The Organization is generally exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.
- (h) **Advertising**—The Organization expenses advertising as incurred.
- (i) **Receivables**—Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management’s assessment of the credit history with those having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(2) **Concentrations of Credit Risk:**

- (a) **Demand Deposits with Bank**—The Organization maintains cash deposits with banks. The Organization has no policy requiring collateral to support its cash deposits, although accounts at each bank are insured by the Federal Deposit Insurance Corporation.
- (b) **Receivables**—The Organization’s receivables are for amounts due under contracts with the State of Florida and Federal and local government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(3) **Significant Funding Source:**

The Organization receives a substantial amount of its funding from the Gadsden County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization’s programs and activities.

(4) **Property and Equipment:**

Property and equipment consists of the following at June 30, 2010:

Land	\$ 207,585
Construction in progress	370,318
Leasehold improvements	2,624,187
Computer equipment	164,591
Furniture and equipment	46,693
Vehicles	12,837
	<hr/>
	3,426,211
Less: accumulated depreciation	250,133
	<hr/>
	<u>\$ 3,176,078</u>

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

CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
SCHEDULE OF EXPENSES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(5) **Long-term Debt:**

Long-term debt consisted of the following at June 30, 2010:

4.25% note payable to USDA Rural Development, payable in annual payments of \$147,870 including interest, due on December 4, 2034, collateralized by real property.	\$ 2,304,493
	2,304,493
Less: Current portion of long-term debt	52,245
Long-term debt, less current portion	\$ 2,252,248

At June 30, 2010, note payable maturities were as follows:

Year	
2011	\$ 52,245
2012	54,465
2013	56,780
2014	59,193
2015	61,709
Thereafter	2,020,101
Total	\$ 2,304,493

Under the Loan Agreement with Rural Development, the Organization is required to make monthly deposits of \$1,233 into a reserve account until the balance reaches \$147,870.

(7) **Profit Sharing Plan:**

The Organization offers a defined contribution pension plan. For the year ended June 30, 2010, the amount of retirement expense was \$161,775.

(8) **School Addition Commitment:**

The Organization is in the process of constructing an addition to the school. The total estimated construction cost of the new addition is approximately \$415,568 and related architectural fees are estimated to be \$33,900. As June 30, 2010, \$310,772 has been spent on construction for the addition and \$25,990 for architectural services.

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

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
SCHEDULE OF EXPENSES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Lender</u>	<u>Federal CFDA Number</u>	<u>Expenses</u>	<u>Loans Outstanding June 30, 2010</u>
U.S. Department of Agriculture, Rural Development			
Community Facilities Loans and Grants	10.766	\$ -	\$ 2,304,493
Total Federal Awards		<u>\$ -</u>	<u>\$ 2,304,493</u>

Note I. Basis of Presentation

The accompanying Schedule of Expenses of Federal Awards includes the Federal loan and grant activity of Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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



INDEPENDENT AUDITORS' 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,
Crossroad Academy Charter School

We have audited the financial statements of Crossroad Academy Charter School as of and for the year ended June 30, 2010, and have issued our report thereon dated August 10, 2010. 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 Crossroad Academy Charter School'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 Crossroad Academy Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Crossroad Academy Charter School's internal control over financial reporting.

Our 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, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 Organization'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 Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency 09-01 as described in the accompanying Schedule of Findings and Questioned Costs 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 Organization's internal control.

Our 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. We do not consider the deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crossroad Academy Charter School'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*.

We also noted certain matters that we reported to management of the Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.), in a separate "Management Letter Required by Chapter 10.850, Rules of the State of Florida, Office of the Auditor General" dated August 10, 2010.

This report is intended solely for the information and use of management, the Board of Directors, 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.

Brooks, Harrison & Cayer

Tallahassee, Florida
August 10, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors,
Crossroad Academy Charter School

Compliance

We have audited the compliance of Crossroad Academy Charter School with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2010. Crossroad Academy Charter School's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Crossroad Academy Charter School's management. Our responsibility is to express an opinion on Crossroad Academy Charter School's compliance based on our audit.

We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Crossroad Academy Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Crossroad Academy Charter School's compliance with those requirements.

In our opinion, Crossroad Academy Charter School complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Crossroad Academy Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Crossroad Academy Charter School's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, 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.

Brooks, Harrison & Caye

Tallahassee, Florida
August 10, 2010

**CROSSROAD ACADEMY CHARTER SCHOOL
 (A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
 ORGANIZATION OF GADSDEN COUNTY, INC.)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2010**

I. Summary of Auditors' Results:

Financial Statements

A. Type of audit report issued on the financial statements: Unqualified.

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards and State Financial Assistance

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Types of auditor's report issued on compliance for major Federal programs: Unqualified

Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133: yes no

B. Identification of major programs:

Federal Program	Federal CFDA Number
U.S. Department of Agriculture, Rural Development	10.766
Dollar threshold used to distinguish between type A and type B program:	\$300,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

There were no prior year audit findings.

**CROSSROAD ACADEMY CHARTER SCHOOL
(A DIVISION OF COMMUNITY AND ECONOMIC DEVELOPMENT
ORGANIZATION OF GADSDEN COUNTY, INC.)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)**

II. Financial Statement Findings

Finding 10-01: Preparation of Financial Statements

A system of internal control over financial reporting should allow the Organization to prepare financial statements, including note disclosures in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the Organization is not positioned to draft the financial statements and all required disclosures in accordance with generally accepted accounting principles. Presently, as is common to many organizations, management relies on the audit firm to draft the financial statements and related disclosures.

III. Federal Award Findings and Questioned Costs

None.

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850,
RULES OF THE AUDITOR GENERAL**

To the Board of Directors,
Crossroad Academy Charter School:

We have audited the special purpose financial statements of Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) as of and for the year ended June 30, 2010, and have issued our report thereon dated August 10, 2010.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 10, 2010, 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 and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

The Rules of the Auditor General (Section 10.854 (1)(e)1) require that we determine as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Finding 09-01 of the preceding annual financial audit report was repeated as Finding 10-01.

The Rules of the Auditor General (Section 10.854 (1)(e)2) requires a statement as to whether the Charter School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions(s) met. In connection with our audit, we determined that the Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

The Rules of the Auditor General (Section 10.854 (1)(e)3) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The Rules of the Auditor General (Section 10.854 (1)(e)4) require that we address violations of provisions of contracts or 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.

The Rules of the Auditor General (Section 10.854 (1)(e)5) provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and; (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have such findings.

The Rules of the Auditor General (Section 10.854 (1)(e)6) also require that the name or official title of the charter school. Crossroad Academy Charter School (a division of Community and Economic Development Organization of Gadsden County, Inc.) was formed August 6, 1998 by the Community and Economic Development Organization of Gadsden County, Inc.

Pursuant to Sections 10.854 (1)(e)7a and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Crossroad Academy Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by same. The financial condition assessment was done as of June 30, 2010, and there were no deteriorating financial conditions required to be disclosed by the Rules of the Auditor General (Section 10.855(10)).

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Board of Directors and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified users.

Brooks, Harrison & Cayen

Tallahassee, Florida
August 10, 2010



Phone: 850 / 627-7656
FAX: 850 / 875-4231

20 East Washington St. • Suite A
Quincy, Florida 32351

August 10, 2009

Auditor General's Office
Claude Pepper Building, Room 412E
111 West Madison Street
Tallahassee, Florida 32399-1450

The Board of Directors for the Community & Economic Development Organization of Gadsden County, Inc. received the 2009-10 annual independent auditor's report and financial statements for Crossroad Academy Charter School (a subsidiary company) from Brooks, Harrison and Cayer, LLC, Certified Public Accountants on August 10, 2010. As part of this audit, the Organization received one financial statement finding. As a result of this finding, the Organization is responding with a corrective action plan.

Finding10-01: Preparation of Financial Statements

A system of internal control over financial reporting should allow the Organization to prepare financial statements, including note disclosures in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the Organization is not positioned to draft the financial statements and all required disclosures in accordance with generally accepted accounting principles. Presently, as is common to many organizations, management relies on the audit firm to draft the financial statements and related disclosures.

Response: With respect to Preparation of Financial Statements and Footnotes, while it has been the Organization's practice to have its Fiscal Administrator prepare monthly financial reports for the Board of Directors and financial reports in preparation for the annual audit, we have relied upon the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosures in advance of the year end audit procedures, consequently, the Organization declines to do so at this time.

Please accept this letter from the Organization as completion of the requirements for addressing findings of the 2009-10 Audit.

Sincerely,

Millie Forehand,
Executive Director