

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

FINANCIAL STATEMENTS

June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

We have audited the accompanying financial statements of the governmental activities, General Fund and the remaining fund information of Student Leadership Academy of Venice, Inc., (a Charter School and component unit of the School Board of Sarasota County) as of and for the year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, General Fund, and the remaining fund information of Student Leadership Academy of Venice, Inc. as of June 30, 2010, 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*, we have also issued our report dated September 23, 2010, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis (MD&A) and budgetary comparison information on pages 3 through 8 and pages 24 and 25, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This 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 basic financial statements taken as a whole.

CPA Associates

Bradenton, Florida
September 23, 2010

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SARASOTA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

As management of Student Leadership Academy of Venice, Inc., we offer readers of the financial statements this narrative overview and analysis of the financial activities of Student Leadership Academy of Venice, Inc. for the fiscal year ended June 30, 2010.

Readers should review this Management's Discussion and Analysis (MD&A) in addition to the basic financial statements and the accompanying notes to the financial statements to gain an understanding of Student Leadership Academy of Venice, Inc. as an operating entity.

Operating Entity

Student Leadership Academy of Venice, Inc. was incorporated as a non-profit corporation in 2004, operating a middle school (grades 6 and 7) during the 2004-2005 year and expanding to include grade 8 in the 2005-2006 year. Total enrollment for the first, second, third, fourth and fifth and sixth years averaged 153, 165, 226, 247, 279 and 287, respectively. The target enrollment for the 2010-2011 year is 310.

The school occupies a leased facility situated in an excellent location on the island in Venice, with County-operated athletic fields located across a quiet residential street. These fields are available for physical fitness classes and team sports.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Student Leadership Academy of Venice, Inc.'s basic financial statements. Student Leadership Academy's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of Student Leadership Academy's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the assets and liabilities as of June 30, 2010, showing total assets of \$835,305 and total liabilities of \$160,558. The liabilities include compensation and pension benefits payable of \$155,634. Net assets of \$674,747 are the difference between total assets and total liabilities. Over time, the increase or decrease in net assets may serve as a useful indicator of whether the financial position of Student Leadership Academy is improving or deteriorating.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL BOARD OF SARASOTA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010
(Unaudited)

Statement of Net Assets

Statement of Net Assets

	2010	2009	Change
Current and other assets	\$ 358,939	292,693	66,246
Capital assets	476,366	407,755	68,611
Total assets	\$ 835,305	700,448	134,857
Current liabilities	\$ 160,558	157,000	3,558
Total liabilities	\$ 160,558	157,000	3,558
Invested in capital assets, net of related debt	\$ 476,366	407,755	68,611
Unrestricted	198,381	135,693	62,688
Total net assets	\$ 674,747	543,448	131,299

The school added an additional \$28,516 for instructional software and equipment to enhance computerized learning, and completed \$109,528 in leasehold improvements replacing air conditioning units, cafeteria equipment and a portion of the school's windows. These capital assets were paid for using available cash on hand from the operating budget and millage funding from the County during the 2009-2010 year. In addition, the school expects to be receiving \$150,278 in new millage funding from the County during the 2009-2010 year.

The Statement of Activities presents information showing how the school's net assets increased by \$131,299. As noted in the schedule below, revenues and related expenses for instruction and pupil personnel services increased as a direct result of increased student enrollment.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
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SCHOOL BOARD OF SARASOTA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010
(Unaudited)

Statement of Activities

	2010	2009	Change
Revenues			
Program Revenues			
Operating grants and contributions	\$ 70,800	25,300	45,500
General Revenues:			
Grants and contributions not restricted to specific programs	2,396,879	2,481,753	(84,874)
Miscellaneous revenue	17,397	14,917	2,480
Investment return	2,229	1,012	1,217
Total revenues	2,487,305	2,522,982	(35,677)
Expenses			
Instruction	1,347,165	1,245,924	101,241
Pupil personnel services	56,730	35,949	20,781
Instructional media services	26,597	22,475	4,122
Instruction and curriculum development	1,278	8,141	(6,863)
Instructional staff training	1,493	6,577	(5,084)
Board	43,187	22,900	20,287
General administration	104,353	109,991	(5,638)
School administration	361,918	387,700	(25,782)
Fiscal services	16,977	16,325	652
Food services	9,795	10,033	(238)
Pupil transportation services	49,378	118,965	(69,587)
Operation of plant	304,336	296,801	7,535
Maintenance of plant	32,799	35,202	(2,403)
Total expenses	2,356,006	2,316,983	39,023
Change in net assets	131,299	205,999	(74,700)
Beginning net assets	543,448	337,449	205,999
Ending net assets	\$ 674,747	543,448	131,299

The government-wide financial statements can be found on pages 9 and 10 of this report.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

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. Student Leadership Academy of Venice, Inc., like other state and local government component units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual generic fund type in Student Leadership Academy's financial statements is a governmental fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the entity's near term financing requirements.

The only governmental fund utilized by Student Leadership Academy is the General Fund. Student Leadership Academy had a fund balance of \$198,381 in the General Fund as of June 30, 2010.

The General Fund financial statements can be found on pages 11 and 13 of this report.

Notes to the Financial Statements

The notes 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 16 through 23 of this report.

General Fund Budget

Last year, the Board closely monitored the school's financial performance relative to the tentative budget on a monthly basis. The Board made formal budget amendments to approve changes as they monitored the bottom line for the overall financial effect on the school. No significant individual budget amendment changes were made. For the 2010-2011 year, the Board will continue to monitor the changes at the state and county levels and make formal approved budget amendments as the financial environment changes.

The Board has approved an operating budget for the 2010-2011 academic year based on a student enrollment of 310 students. The budget demonstrates that the school will have a budgeted surplus from operations of \$91,103 which will be available for future capital needs.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
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SCHOOL BOARD OF SARASOTA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

Capital Assets

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2010 and 2009. See Note B to the financial statements for a detail of the changes during the year and related accumulated depreciation. Major changes during the year included additional instructional software and equipment to enhance computerized learning and leasehold improvements replacing air conditioning units, cafeteria equipment and a portion of the school's windows.

Capital Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Leasehold improvements	\$ 344,236	261,202	83,034
Furniture, fixtures, and equipment	132,130	146,553	(14,423)
	<u>\$ 476,366</u>	<u>407,755</u>	<u>68,611</u>

Debt Administration

The Charter School had no outstanding debt as of June 30, 2010 and 2009. However, the Charter School has a \$200,000 available line of credit. See Note C to the financial statements for more details on the line of credit.

Economic Factors and Student Achievement

Knowing that enrollment growth and eventual stability is critical to the future viability of the school, the Board continues to use postcards to announce open houses throughout the spring. These open houses provided a cost-efficient manner in which the school can target potential new students and their parents, giving them the opportunity to tour the school and interview the teachers.

Management is confident in its ability to increase enrollment based on overall student achievement. The school received a grade of "A" under the A+ accountability plan for Florida schools for the 2009-2010 school year, with an average class size of 22 students.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
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SCHOOL BOARD OF SARASOTA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

Requests for Information

This financial report is designed to provide a general overview of Student Leadership Academy of Venice, Inc.'s finances for those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Student Leadership Academy of Venice, Inc., 200 Field Avenue, Venice, Florida 34285.

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash	\$ 345,804
Other current assets	<u>13,135</u>
Total current assets	358,939
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>476,366</u>
TOTAL ASSETS	<u><u>\$ 835,305</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 4,924
Accrued expenses	<u>155,634</u>
Total current liabilities	<u>160,558</u>
Net assets	
Investment in capital assets, net of related debt	476,366
Unrestricted	<u>198,381</u>
Total net assets	<u>674,747</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 835,305</u></u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
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STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities			
Instruction	\$ 1,347,165	70,800	(1,276,365)
Pupil personnel services	56,730	--	(56,730)
Instructional media services	26,597	--	(26,597)
Instruction and curriculum development	1,278	--	(1,278)
Instructional staff training	1,493	--	(1,493)
Board	43,187	--	(43,187)
General administration	104,353	--	(104,353)
School administration	361,918	--	(361,918)
Fiscal services	16,977	--	(16,977)
Food services	9,795	--	(9,795)
Pupil transportation services	49,378	--	(49,378)
Operation of plant	304,336	--	(304,336)
Maintenance of plant	32,799	--	(32,799)
Total expenses	\$ 2,356,006	70,800	(2,285,206)
General revenues			
Grants and contributions not restricted to specific programs			2,396,879
Miscellaneous revenue			17,397
Investment earnings			2,229
Total general revenues			2,416,505
Change in net assets			131,299
Net assets, July 1, 2009			543,448
Net assets, June 30, 2010			\$ 674,747

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

BALANCE SHEET - GENERAL FUND
June 30, 2010

ASSETS	
Cash	\$ 345,804
Other current assets	<u>13,135</u>
TOTAL ASSETS	<u>\$ 358,939</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 4,924
Accrued expenses	<u>155,634</u>
Total liabilities	<u>160,558</u>
Fund balance	
Undesignated	<u>198,381</u>
Total fund balance	<u>198,381</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 358,939</u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

RECONCILIATION OF THE BALANCE SHEET - GENERAL FUND
TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total fund balance - Balance Sheet - General Fund	\$	198,381
Amounts reported in the Statement of Net Assets are different because		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the General Fund		<u>476,366</u>
Total net assets - Statement of Net Assets	\$	<u><u>674,747</u></u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
For the Fiscal Year Ended June 30, 2010

Revenues	
Federal through local	\$ 164,284
State through local	1,624,950
Local	<u>698,071</u>
Total revenues	<u>2,487,305</u>
Expenditures	
Current	
Instruction	1,303,044
Pupil personnel services	56,730
Instructional media services	26,597
Instruction and curriculum development	1,278
Instructional staff training	1,493
Board	43,187
General administration	104,353
School administration	357,016
Fiscal services	16,977
Food services	9,795
Pupil transportation services	49,378
Operation of plant	283,925
Maintenance of plant	32,799
Capital outlay	<u>138,045</u>
Total expenditures	<u>2,424,617</u>
Net change in fund balance	62,688
Fund balance, July 1, 2009	<u>135,693</u>
Fund balance, June 30, 2010	<u><u>\$ 198,381</u></u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Net change in fund balance - Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	\$	62,688
Amounts reported in the Statement of Activities are different because		
The General Fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current period.		
Capital outlay expenditures	138,045	
Less: current depreciation	<u>(69,434)</u>	<u>68,611</u>
Change in net assets - Statement of Activities	\$	<u><u>131,299</u></u>

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

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2010

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 6,537
TOTAL ASSETS	<u>\$ 6,537</u>
LIABILITIES	
Internal accounts payable	\$ 6,537
TOTAL LIABILITIES	<u>\$ 6,537</u>

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

STUDENT LEADERSHIP
ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Student Leadership Academy of Venice, Inc. (Charter School) is a not-for-profit corporation that operates a middle school in Venice, Florida. The corporation was organized pursuant to the Florida Not-for-Profit Corporation Act, Chapter 617, Florida Statutes. The governing body of the Charter School is a not-for-profit corporation board of directors composed of five members.

The general operating authority of the Charter School is contained in Chapter 1002.33, Florida Statutes. The Charter School operates under a charter of the sponsoring school board, the School Board of Sarasota County, which is effective through June 30, 2024. The Charter School is considered a component unit of the School Board of Sarasota County. Upon dissolution or termination of the charter, all of the property, furnishings, and equipment purchased with public funds, in part or in whole, automatically revert to the School Board of Sarasota County.

Criteria for determining if other entities are potential component units which should be reported within the Charter School's basic financial statements are described in GASB Statement No. 14. The application of these criteria provide for identification of any entities for which the Charter School is financially accountable and other organizations for which the nature and significance of their relationship with the Charter School are such that exclusion would cause the Charter School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Charter School.

Basis of Presentation: The basic financial statements of the Charter School have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments.

Government-Wide and Fund Financial Statements: The Charter School's basic financial statements include both government-wide (reporting on the Charter School as a whole) and fund financial statements. The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Charter School. The government-wide financial statements present governmental activities only. The Charter School has no business-type activities. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

STUDENT LEADERSHIP
ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the government-wide Statement of Net Assets, the Charter School recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter School's net assets are reported in three parts (as applicable): invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

The individual generic fund type in the Charter School's financial statements is a governmental fund. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The only governmental fund utilized by the Charter School is the General Fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The General Fund is the general operating fund of the Charter School and is used to account for all of its non-fiduciary financial resources.

Additionally, the Charter School reports an Agency Fund which is a fiduciary fund type. This fund is used to account for resources of the school internal funds which are used in connection with school, student, class and club activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

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NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

current period. For this purpose, the government considers revenues to be available, if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, Florida Education Finance Program revenue and State categorical revenue associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Charter School.

Cash: The Charter School's cash consists of deposits with financial institutions that are insured by Federal depository insurance. At June 30, 2010, the carrying amount of the Charter School's deposits was \$345,804 and the bank balances were \$341,946. At June 30, 2010, all cash balances of the Charter School were fully insured by Federal depository insurance.

Capital Assets: Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by the Charter School as assets with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 7 to 39 years for leasehold improvements and 3 to 7 years for furniture, fixtures, and equipment.

Fund Equity: Reservations of fund balance represent amounts that are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. All net assets not reported as net assets invested in capital assets, net of related debt and restricted net assets, are reported as unrestricted net assets.

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NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Budgetary Information: An annual budget was adopted for the General Fund on the modified accrual basis of accounting, as is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year-end.

Revenue Sources: Revenues for current operations are received primarily from the School Board of Sarasota County pursuant to the funding provisions included in the Charter School's charter. In accordance with the funding provisions of the charter and Chapter 1002.33(17), Florida Statutes, the Charter School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Chapter 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the Charter School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the Charter School during the designated full-time equivalent student survey periods.

The Charter School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

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

STUDENT LEADERSHIP
ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE B – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, being depreciated					
Leasehold improvements	\$ 304,588	103,445	--	--	408,033
Furniture, fixtures, and equipment	332,907	34,600	--	--	367,507
Total capital assets being depreciated	<u>637,495</u>	<u>138,045</u>	<u>--</u>	<u>--</u>	<u>775,540</u>
Less accumulated depreciation for					
Leasehold improvements	43,386	20,411	--	--	63,797
Furniture, fixtures, and equipment	186,354	49,023	--	--	235,377
Total accumulated depreciation	<u>229,740</u>	<u>69,434</u>	<u>--</u>	<u>--</u>	<u>299,174</u>
Total capital assets being depreciated, net	<u>407,755</u>	<u>68,611</u>	<u>--</u>	<u>--</u>	<u>476,366</u>
Capital assets, net	<u>\$ 407,755</u>	<u>68,611</u>	<u>--</u>	<u>--</u>	<u>476,366</u>

Depreciation expense in the amount of \$69,434 for the year ended June 30, 2010, was allocated to the following governmental functions:

Instruction	\$ 44,121
School administration	4,902
Operation of plant	<u>20,411</u>
	<u>\$ 69,434</u>

NOTE C – LINE OF CREDIT

Line of Credit: In July 15, 2009, the Charter School signed a commitment letter for a \$200,000 line of credit with Building Hope, A Charter School Facilities Fund through America’s Charter School Finance Corporation. As of June 30, 2010, the Charter School had not drawn down any funds on this line of credit. In the event that the line of credit is drawn upon, the Charter School will be required to execute a note and reimbursement agreement. The purpose of the line of credit is to cover operational shortfalls and facility-related costs, and will be unsecured. The interest rate on the line is 7% payable monthly. Subsequent to year-end, this line of credit was extended to July 15, 2011.

STUDENT LEADERSHIP
ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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NOTES TO FINANCIAL STATEMENTS

NOTE D – SCHEDULE OF LOCAL REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Source	Amount
Federal through local	
Stabilization funds	\$ 93,484
IDEA grant	70,800
State through local	
Florida Education Finance Program and Categorical Funds	
Base funding/declining enrollment	1,105,232
Supplemental academic instruction	58,001
Reading instruction	11,192
Classroom for kids	258,991
Safe schools	7,477
Discretionary lottery	763
Instructional materials	23,482
Charter school capital outlay funds	159,812
Local	
Discretionary local effort/millage equalization	226,125
Voted millage	302,306
Local capital outlay funds	150,015
Investment earnings	2,229
Miscellaneous revenue	17,396
Total	\$ 2,487,305

NOTE E – OPERATING LEASE

The Charter School entered into an eight-year operating lease for the building effective July 1, 2006. The total cost for such lease was \$156,000 for the year ended June 30, 2010. The future minimum lease payments for this lease are as follows:

Year Ending June 30	Amount
2011	\$ 168,000
2012	180,000
2013	192,000
2014	204,000

STUDENT LEADERSHIP
ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE F – RISK MANAGEMENT PROGRAMS

The Charter School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees for which the Charter School has purchased commercial insurance. The Charter School has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage.

NOTE G – RETIREMENT PLAN

Florida Retirement System: All part-time and full-time permanent employees of the Charter School are covered by the Florida Retirement System. The Florida Retirement System is a cost-sharing, multiple-employer, defined benefit retirement plan available to governmental units within the State of Florida. The plan was created by the Florida Legislature and is administered by the State of Florida, Department of Administration. The 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 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Benefits in the plan vest at six years of service. The plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The plan provides retirement, disability and 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. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the Florida Retirement System, Division of Retirement, P. O. Box 9000, Tallahassee, Florida 32315-9000.

The plan provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after they have met one of the following: (1) thirty years of service, regardless of age, or (2) age 62 and six years of service.

Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation, and service credit. Average final compensation is the average of the five highest years of earnings. The plan also provides death and disability benefits and annual cost of living adjustments.

STUDENT LEADERSHIP
ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G – RETIREMENT PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Charter School, be required to contribute 9.85% of the compensation for regular members for the year ending June 30, 2010. There is no required contribution for plan members. The Charter School's contributions to the System for fiscal years ending June 30, 2010, 2009 and 2008, totaled \$118,000, \$108,000, and \$89,000, respectively, which was equal to the required contributions for each fiscal year.

NOTE H – SUBSEQUENT EVENT

The Charter School has evaluated all subsequent events through September 23, 2010, the date the financial statements were available to be issued. No subsequent events occurred which would have a material impact on the Charter School's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal through local	\$ 131,911	164,284	164,284	--
State through local	1,704,540	1,624,951	1,624,950	(1)
Local	<u>725,627</u>	<u>676,989</u>	<u>698,071</u>	<u>21,082</u>
Total revenues	<u>2,562,078</u>	<u>2,466,224</u>	<u>2,487,305</u>	<u>21,081</u>
Expenditures				
Current				
Instruction	1,295,850	1,312,850	1,303,044	9,806
Pupil personnel services	48,293	52,293	56,730	(4,437)
Instructional media services	36,754	33,754	26,597	7,157
Instruction and curriculum development	5,000	2,000	1,278	722
Instructional staff training	5,000	1,080	1,493	(413)
Board	53,000	43,190	43,187	3
General administration	110,176	104,353	104,353	--
School administration	311,407	345,462	357,016	(11,554)
Fiscal services	15,800	15,950	16,977	(1,027)
Food services	22,719	9,504	9,795	(291)
Pupil transportation services	84,000	48,768	49,378	(610)
Operation of plant	264,295	263,482	283,925	(20,443)
Maintenance of plant	13,294	21,931	32,799	(10,868)
Capital outlay	<u>138,000</u>	<u>163,900</u>	<u>138,045</u>	<u>25,855</u>
Total expenditures	<u>2,403,588</u>	<u>2,418,517</u>	<u>2,424,617</u>	<u>(6,100)</u>
Excess of revenues over expenditures	158,490	47,707	62,688	14,981
Fund balance, July 1, 2009	<u>135,693</u>	<u>135,693</u>	<u>135,693</u>	<u>--</u>
Fund balance, June 30, 2010	<u><u>\$ 294,183</u></u>	<u><u>183,400</u></u>	<u><u>198,381</u></u>	<u><u>14,981</u></u>

STUDENT LEADERSHP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – BUDGETARY INFORMATION

An annual budget was adopted for the General Fund on the modified accrual basis of accounting, as is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year-end.

OTHER SUPPLEMENTARY INFORMATION

STUDENT LEADERSHIP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND - AGENCY FUND
For the Fiscal Year Ended June 30, 2010

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
ASSETS				
Cash	<u>\$ 5,515</u>	<u>51,314</u>	<u>50,292</u>	<u>6,537</u>
TOTAL ASSETS	<u>\$ 5,515</u>	<u>51,314</u>	<u>50,292</u>	<u>6,537</u>
LIABILITIES				
Internal accounts payable	<u>\$ 5,515</u>	<u>51,314</u>	<u>50,292</u>	<u>6,537</u>
TOTAL LIABILITIES	<u>\$ 5,515</u>	<u>51,314</u>	<u>50,292</u>	<u>6,537</u>



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*

Board of Directors
Student Leadership Academy of Venice, Inc.

Venice, Florida

We have audited the financial statements of the governmental activities, General Fund and remaining fund information of Student Leadership Academy of Venice, Inc. (a Charter School and component unit of the School Board of Sarasota County, Florida) as of and for the year ended June 30, 2010, which collectively comprise Student Leadership Academy of Venice, Inc.'s basic financial statements and have issued our report thereon dated September 23, 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 the 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 the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Charter School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 the 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*.

This report is intended solely for the information and use of the Board of Directors, management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CPA Associates

Bradenton, Florida
September 23, 2010

STUDENT LEADERSHP ACADEMY OF VENICE, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL BOARD OF SARASOTA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Audit Finding Number	Title/Program	Brief Description	Status	Comments
09-1	Budgetary Controls and Compliance	Expenditures exceeded appropriations for various reporting functions in the Budgetary Comparison Schedule for the General Fund. We recommended that budget amendments be made throughout the entire year to document the Board's authorization for the additional appropriation of funds.	Corrected	The Board amended the 2009-2010 budget several times throughout the year to document their authorization for the additional appropriation of funds. As of year-end, the Charter School had \$6,100 of expenditures in excess of appropriations, but an overall excess of revenues over expenditures of \$14,981.
09-2	Documentation	There was inadequate documentation in the principal's personnel file to support the approved rate of pay. We recommended that procedures be implemented to document the approved rate of pay.	Corrected	We noted and reviewed documentation approved by a board member authorizing the rate of pay for the Principal.
09-3	Cash Receipts	There were inadequate controls over cash receipts for the Parent Council account. There was no documented evidence that cash collections were being controlled at the time of receipt by two individuals. We recommended that procedures be implemented requiring cash collections to be handled by two people, and that this process be documented by both individuals signing off on the cash collections that support the deposit.	Corrected	Our review of cash receipts for the Parent Council account disclosed that cash collections were being handled by two people.
09-4	Financial Reporting	We noted several instances where transactions were not being reported in accordance with the publication titled "Financial and Program Cost Accounting and Reporting for Florida Schools", also known as the "Red Book".	Corrected	Our review noted improvements in financial reporting; therefore, no further comment.



MANAGEMENT LETTER

Board of Directors
Student Leadership Academy of Venice, Inc.
Venice, Florida

We have audited the financial statements of Student Leadership Academy of Venice, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated September 23, 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, dated September 23, 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 report:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Matters required to be disclosed are reported in the Summary Schedule of Prior Audit Findings.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires 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.

- Section 10.854(1)(e)5., Rules of the Auditor General, 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 any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school to be disclosed in the management letter. Student Leadership Academy of Venice, Inc. is the official name of the school.
- Pursuant to Section 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 the Board of Directors, 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.

CPA Associates

Bradenton, Florida
September 23, 2010