

THE CHILES ACADEMY, INC.
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

THE CHILES ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Chiles Academy, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of The Chiles Academy, Inc. (the School), a component unit of Volusia County District School Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The Chiles Academy, Inc., as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2016, on our consideration of the 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* in considering the School's internal control over financial reporting and compliance.


James Moore & Co., P.L.

Daytona Beach, Florida
September 1, 2016

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Our discussion and analysis of the Chiles Academy Inc.'s (the School) financial performance provides an overview of the School's financial activities. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements, which follow this section. The basic financial statements include only operations of the School itself, which is a component unit of the Volusia County District School Board. The Volusia County District School Board includes the operations of the School in their operations.

FINANCIAL HIGHLIGHTS

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$228,141 (net position). Of this amount, \$95,030 (unrestricted) may be used to meet the School's ongoing obligations.
- The School's total net position decreased by \$86,552 based on current year activities. The School had total expenses for the year of \$2,090,258, compared to revenues of \$2,003,706.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$103,042, a decrease of \$78,052 in comparison with the prior year. Approximately 93%, or \$97,086 of the total amount, is unassigned fund balance and is available for spending at the School's discretion.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The government-wide financial statements are designed to provide readers with information about the activities of the School as a whole and a broad overview of the School's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the School's Net Position changed during the fiscal year. This statement is shown using the accrual basis of accounting. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements distinguish functions of the School that are principally supported by school board and federal funding, both of which are governmental activities. The governmental activities of the School include basic instruction, exceptional instruction, guidance services, health services, media services, curriculum development, staff development, general administration, school administration, fiscal services, food services, transportation, operation of plant, maintenance of plant, parental involvement, other programs and services, and unallocated depreciation. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

The government-wide financial statements can be found on pages 10 and 11 of this report.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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. The School, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds.

Governmental funds—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 are accounted for using the modified accrual basis of accounting and focus on near-term 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 School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds. The general fund, the Early Head Start grant, the Title I grant, and the Child Care Nutrition special revenue funds are considered major funds of the School.

The School adopts an annual budget for all of its funds. Budgetary comparison schedules have been provided for the major funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 12 - 15 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 starting on page 16 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. The School's total assets exceeded total liabilities by \$228,141 (total net position) at June 30, 2016, which was a decrease of \$86,552 from the previous year.

The following is a summary of the School's net position as of June 30, 2016, compared to the net position as of June 30, 2015:

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Condensed Statement of Net Position

	Governmental Activities <u>June 30, 2016</u>	Governmental Activities <u>June 30, 2015</u>
Assets:		
Non-capital assets	\$ 132,923	\$ 173,559
Capital assets, net	139,232	153,835
Other assets – Deposits	18,182	18,182
Total Assets	<u>\$ 290,337</u>	<u>\$ 345,576</u>
Liabilities:		
Current liabilities	\$ 62,196	\$ 24,787
Noncurrent liabilities	-	6,096
Total liabilities	<u>\$ 62,196</u>	<u>\$ 30,883</u>
Net Position:		
Net investment in capital assets	\$ 133,111	\$ 133,599
Unrestricted	95,030	181,094
Total Net Position	<u>\$ 228,141</u>	<u>\$ 314,693</u>

Net position includes investments in capital assets less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The School reports \$133,111 in net investment in capital assets at June 30, 2016, a decrease of \$488 from the prior year.

The remaining net position is divided between restricted and unrestricted. Restricted net position represents those assets net of related liabilities that are restricted to uses specified by third parties, primarily Federal grantor agencies. None of the School's net position was restricted at June 30, 2016 or June 30, 2015. Unrestricted net position may be used to meet the School's ongoing obligations. Unrestricted net position totaled \$95,030 at June 30, 2016, a decrease of \$86,064 from the prior year.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Key elements of the changes in the School's net position for the fiscal years ended June 30, 2016 and June 30, 2015 are as follows:

Change in Net Position

	Governmental Activities 2016	Governmental Activities 2015
Program revenues:		
Charges for services	\$ 301,307	\$ 315,035
Operating grants and contributions:		
Federal grants	707,433	718,996
Other grants	2,230	10,179
General revenues:		
Volusia County District School Board	992,666	1,048,465
Other revenues	70	1,272
Total revenues	2,003,706	2,093,947
Program expenses:		
Basic instruction	784,615	796,895
Exceptional instruction	28,947	40,446
Guidance services	75,972	48,759
Health services	33,171	33,426
Curriculum development	3,514	-
Staff development	34,467	30,719
General administration	4,439	3,984
School administration	263,638	233,222
Fiscal services	115,036	104,918
Food services	212,223	235,096
Transportation	44,560	39,681
Operation of plant	202,189	201,306
Maintenance of plant	8,776	1,755
Parental involvement	27,278	25,922
Other programs and services	233,450	240,102
Unallocated depreciation	17,237	16,404
Interest charges	746	1,595
Total expenses	2,090,258	2,054,230
Change in Net Position	(86,552)	39,717
Net Position, beginning of year	314,693	274,976
Net Position, end of year	\$ 228,141	\$ 314,693

Governmental activities of the School generated \$709,663 in operating grants and contributions, and \$992,736 of general revenues, and incurred \$2,090,258 of program expenses. Additional revenues totaling \$301,307 were generated by charges of \$256,508 for contracted child care services, \$38,531 for facility usage, and \$6,268 for food services. This resulted in an overall \$82,894 decrease in Net Position.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Total revenues decreased from \$2,093,947 in the 2014-2015 to \$2,003,706 in the 2015-2016 school year ended June 30, 2016. This decrease in revenue was the result of a combination of factors. The net per-pupil funding for a Full Time Equivalent (FTE) student by the State of Florida remained constant with a very slight increase of \$19 per FTE student. Meanwhile, funded enrollment decreased from a FTE of 161.16 students in 2014-2015 to only 150.29 students in 2015-2016. Child care services also decreased slightly by \$14,270 because of a decrease in enrollment. This decrease in enrollment can be contributed to our aging facility, which caused us to close a child care room near the end of the year due to health and safety concerns. Combined revenues for facility usage and food services also showed an increase of \$588. Donations decreased slightly although they fell short of the anticipated amount that was budgeted.

The Chiles Academy enrollment for 2015-2016 declined to 150.29 students after the 2016 fourth survey which is a decrease of about 11% from the 2014-2015 school year enrollment of 161.16.

GOVERNMENTAL FUNDS

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School's four (4) governmental funds reported combined ending fund balances of \$103,042, a decrease of \$78,052 in comparison with the prior year. Approximately 93% of this total, or \$95,486, constitutes unassigned fund balance, which is available for spending at the School's discretion. The remainder of fund balance (\$5,956 or 7%) is non-spendable relating to inventories and prepaid items.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$97,086, which represents 7% of total General Fund expenditures and transfers out for the fiscal year 2016. During the current fiscal year, the total fund balance of the School's general fund decreased by \$78,052, from \$181,094 to \$97,086.

The Early Head Start Grant, Title I Grant, and Child Care Nutrition special revenue funds are the funds used to account for revenues and expenditures of grant activities. There were no changes in the each of the special revenue fund's fund balance in the current fiscal year. However, due to the excess of expenditures over revenues, The Chiles Academy was required to transfer in money from the General Fund to the Early Head Start Grant and Child Care Nutrition special revenue funds in the amounts of \$67,353 and \$51,701, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget reflects a decrease of \$61,873 from the original budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts, and 3) changes in appropriations that become necessary to maintain services.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Significant variances between the original budget and the final amended budget are summarized as follows:

Revenues:

- (\$33,366) Volusia County District School Board – Actual funded enrollment was for only 150.29 Full Time Equivalent students whereas the original budget was for 161.16.
- (\$8,000) Donations – very few donations were received during the 2015-16 as compared to 2014-15
- (\$22,400) Child Care Revenues – reduced due to closing one building for health and safety concerns
- (\$1,000) Food Services Program – revenue was slightly less than anticipated.

Expenditures:

- (\$93,832) Basic instruction – Decrease due to vacancy savings and reclassification of employees.
- \$55,529 School Administration – Increase due to reclassification of employees from instructional to administration.
- \$5,700 Transportation – Due to increases by district for school bus services.
- (\$6,545) Fiscal Services – Decrease due to re-allocations to other areas
- \$14,442 Operation & Maintenance of Plant – Increase due to increase in contracted services for repairs and general facility maintenance for an aging facility.

Other Financing Sources (Uses):

- \$35,229 Transfers out – Increase in total transfers due to the amount for Non-Federal Share paid on behalf of the Early Head Start Grant as well as an increase for personnel costs for the food programs.

With these amendments, there was no significant budget versus actual variances. The actual change in fund balance exceeded the budget by \$11,700, as a result of actual revenues being over budget by \$1,480 and actual expenditures and transfers being \$10,220 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets—The School's investment in capital assets for its governmental activities as of June 30, 2016, amounted to \$139,232 (net of accumulated depreciation). This investment in capital assets includes buildings, leasehold improvements, furniture, fixtures, equipment and computer hardware and software. The decrease of \$14,603 from the previous year is the result additions in the amount of \$2,634 net of depreciation expense of \$17,237.

THE CHILES ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The following is a summary of capital assets as of June 30:

Capital Assets
(Net of depreciation)

	Governmental Activities 2016	Governmental Activities 2015
Leasehold improvements	\$ 43,687	\$ 47,911
Furniture, fixtures and equipment	28,224	35,860
Computer hardware and software	830	970
Buildings	66,491	69,094
Total	<u>\$ 139,232</u>	<u>\$ 153,835</u>

Additional information on the School's capital assets can be found in Note 3 on page 21 of this report.

Long-Term Debt—As of June 30, 2016, the School had total debt outstanding of \$6,121. The debt is related to the purchase of the modular unit in the 2013 fiscal year.

The following is a summary of outstanding debt as of June 30:

Outstanding Debt

	Governmental Activities 2016	Governmental Activities 2015
Note payable	\$ 6,121	\$ 20,236

Additional information on the School's long-term debt can be found in Note 4 on pages 21-22 of this report.

ECONOMIC FACTORS

We are currently not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The Chiles Academy, Inc. 868 George W. Engram Boulevard, Daytona Beach, FL 32114.

THE CHILES ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 72,248
Accounts receivable	53,119
Prepays	5,681
Inventory	1,875
Capital assets:	
Other capital assets, net of depreciation	139,232
Deposits	18,182
Total Assets	\$ 290,337
LIABILITIES	
Accounts payable and accrued expenses	\$ 56,075
Noncurrent liabilities:	
Due within one year:	
Note payable	6,121
Total Liabilities	\$ 62,196
NET POSITION	
Net investment in capital assets	\$ 133,111
Unrestricted	95,030
Total Net Position	\$ 228,141

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

**THE CHILES ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Basic instruction	\$ 784,615	\$ -	\$ 302,710	\$ -	\$ (481,905)
Exceptional instruction	28,947	-	-	-	(28,947)
Guidance services	75,972	-	9,140	-	(66,832)
Health services	33,171	-	10,032	-	(23,139)
Curriculum development	3,514	-	852	-	(2,662)
Staff development	34,467	-	14,125	-	(20,342)
General administration	4,439	-	-	-	(4,439)
School administration	263,638	-	83,693	-	(179,945)
Fiscal services	115,036	-	39,990	-	(75,046)
Food services	212,223	6,268	160,522	-	(45,433)
Transportation	44,560	-	-	-	(44,560)
Operation of plant	202,189	38,577	59,091	-	(104,521)
Maintenance of plant	8,776	-	-	-	(8,776)
Parental involvement	27,278	-	27,278	-	-
Other programs and services	233,450	256,462	2,230	-	25,242
Interest on note payable	746	-	-	-	(746)
Unallocated depreciation	17,237	-	-	-	(17,237)
Total governmental activities	<u>\$ 2,090,258</u>	<u>\$ 301,307</u>	<u>\$ 709,663</u>	<u>\$ -</u>	<u>(1,079,288)</u>
General revenues					
Volusia County School Board					992,666
Other revenues					
Other income					70
Total general and other revenues					<u>992,736</u>
Change in net position					<u>(86,552)</u>
Net position, beginning of year					314,693
Net position, end of year					<u>\$ 228,141</u>

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

THE CHILES ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Early Head Start Grant Special Revenue Fund</u>	<u>Title I Grant Special Revenue Fund</u>	<u>Child Care Nutrition Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 72,248	\$ -	\$ -	\$ -	\$ 72,248
Accounts receivable	40,578	10,269	-	2,272	53,119
Inventory	275	-	-	1,600	1,875
Deposits	18,182	-	-	-	18,182
Prepays	5,681	-	-	-	5,681
Due from other funds	14,141	-	-	-	14,141
Total Assets	<u>\$ 151,105</u>	<u>\$ 10,269</u>	<u>\$ -</u>	<u>\$ 3,872</u>	<u>\$ 165,246</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 48,063	\$ -	\$ -	\$ -	\$ 48,063
Due to other funds	-	10,269	-	3,872	14,141
Total Liabilities	<u>\$ 48,063</u>	<u>\$ 10,269</u>	<u>\$ -</u>	<u>\$ 3,872</u>	<u>\$ 62,204</u>
FUND BALANCES					
Nonspendable					
Prepays and inventory	\$ 5,956	\$ -	\$ -	\$ 1,600	\$ 7,556
Unassigned	97,086	-	-	(1,600)	95,486
Total Fund Balances	<u>\$ 103,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,042</u>

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

THE CHILES ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Fund balances - total governmental funds		\$ 103,042
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Governmental capital assets	\$ 242,238	
Accumulated depreciation	<u>(103,006)</u>	
Total capital assets, net		139,232
Notes payable and other long-term liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds:		
Other accrued expenses		(8,012)
Notes payable		(6,121)
Total net position of governmental activities		<u><u>\$ 228,141</u></u>

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

THE CHILES ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Early Head Start Grant Special Revenue Fund</u>	<u>Title I Grant Special Revenue Fund</u>	<u>Child Care Nutrition Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Volusia County District School Board	\$ 992,666	\$ -	\$ -	\$ -	\$ 992,666
Federal grants	-	516,566	16,320	174,547	707,433
Other revenues:					
Donations	2,230	-	-	-	2,230
Child care service fees	295,039	-	-	-	295,039
Food service	6,268	-	-	-	6,268
Other income	70	-	-	-	70
Total revenues	<u>1,296,273</u>	<u>516,566</u>	<u>16,320</u>	<u>174,547</u>	<u>2,003,706</u>
Expenditures					
Current:					
Basic instruction	414,552	353,743	16,320	-	784,615
Exceptional instruction	28,947	-	-	-	28,947
Guidance services	66,832	9,140	-	-	75,972
Health services	23,139	10,032	-	-	33,171
Curriculum development	2,662	852	-	-	3,514
Staff development	20,342	14,125	-	-	34,467
General administration	4,439	-	-	-	4,439
School administration	171,933	72,424	-	11,269	255,626
Fiscal services	75,046	39,990	-	-	115,036
Food services	-	16,498	-	195,725	212,223
Transportation	44,560	-	-	-	44,560
Operation of plant	143,098	39,837	-	19,254	202,189
Maintenance of plant	8,776	-	-	-	8,776
Parental involvement	-	27,278	-	-	27,278
Other programs and services	236,084	-	-	-	236,084
Debt service:					
Principal	14,115	-	-	-	14,115
Interest charges	746	-	-	-	746
Total expenditures	<u>1,255,271</u>	<u>583,919</u>	<u>16,320</u>	<u>226,248</u>	<u>2,081,758</u>
Excess (deficiency) of revenues over expenditures	<u>41,002</u>	<u>(67,353)</u>	<u>-</u>	<u>(51,701)</u>	<u>(78,052)</u>
Other financing sources (uses)					
Transfers in	-	67,353	-	51,701	119,054
Transfers out	(119,054)	-	-	-	(119,054)
Total other financing sources (uses)	<u>(119,054)</u>	<u>67,353</u>	<u>-</u>	<u>51,701</u>	<u>-</u>
Net change in fund balances	<u>(78,052)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,052)</u>
Fund balances, beginning of year	181,094	-	-	-	181,094
Fund balances, end of year	<u>\$ 103,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,042</u>

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

THE CHILES ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds \$ (78,052)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	\$	2,634	
Less: depreciation		<u>(17,237)</u>	
			(14,603)

Notes payable provide current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds.

Neither transaction has any effect on net position.

Other accrued expenses			(8,012)
Principal payments			14,115

Change in net position of governmental activities			<u><u>\$ (86,552)</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

The following is a summary of the more significant accounting policies of The Chiles Academy, Inc. (the School), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—The Chiles Academy, Inc. (a Conversion Charter School), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The mission of the School is to combine a community of support and guidance for pregnant and parenting students with the goal of attaining a high school diploma, which will empower them to become independent and responsible citizens. The governing body of the School is the Board of Directors, which is composed of nine members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the Volusia County District School Board (the District). The current charter is effective until June 30, 2020, and may be renewed in increments of five years by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33 (8)(e), Florida Statutes, in the event the School is dissolved or terminated, any unencumbered public funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The Chiles Academy, Inc. is considered a component unit of the Volusia County District School Board.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the 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 School.

(b) **Government-wide and fund financial statements**—The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the nonfiduciary activities of the School. All interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets and liabilities, as presented in the Statement of Net Position, are subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

The Statement of Activities presents a comparison between the direct expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting operational or capital requirements of a particular function. Revenues not classified as program revenues, such as money received from the District, are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. The School's General Fund, Early Head Start Grant Special Revenue Fund, Title I Special Revenue Fund, and Child Care Nutrition Special Revenue Fund are considered major funds. At June 30, 2016 the School had no nonmajor funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

(c) **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. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest and general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

The School uses the following major governmental funds:

General Fund—The general operating fund of the School is used to account for all financial resources not required to be accounted for in another fund.

Early Head Start Grant Special Revenue Fund—To account for the proceeds of the early head start program for child care services and track its legally restricted expenditures.

Title I Grant Special Revenue Fund—To account for the proceeds of the Title I Grant and track its legally restricted expenditures.

Child Care Nutrition Special Revenue Fund—To account for the proceeds of the child care food programs and track its legally restricted expenditures.

(d) **Budgetary basis of accounting**—Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2016, the budget presented has been amended according to Board procedures. Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

(e) **Cash and cash equivalents**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Receivables**—All receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(g) **Income taxes**—Under section 501(c)(3) of the Internal Revenue Code and Florida Statutes, the School is exempt from taxes on income other than unrelated business income. Since the School had no taxable unrelated business income during 2016, no provision for income taxes is provided in the financial statements.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(h) **Interfund receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds." Interfund balances and transactions have been eliminated from the government-wide financial statements.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

(i) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(j) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of more than \$750 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair values 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 assets lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	39
Leasehold Improvements	15
Furniture, fixtures and equipment	5 – 10
Computer hardware and software	5 – 7

(k) **Inventory and prepaids**—Inventory is valued at cost based on current purchase prices using the first-in/first-out (FIFO) method. Inventory consists primarily of food and expendable supplies related to the Child Care Nutrition Fund. The cost of governmental fund-type inventory is recorded as an expenditure when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements. Reported inventory and prepaids, if any, are equally offset by nonspendable fund balance, which indicates that they do not constitute “available expendable resources” even though they are a component of net current assets.

(l) **Revenue sources**—Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter and from federal awards. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives substantial federal awards for the operation of additional programs including the Early Head Start and Child Care Nutrition programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the Bylaws, district or local charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Board of Directors for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Directors.

Unassigned—All amounts not included in other spendable classifications.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. In governmental fund financial statements, restricted funds are used first as appropriate. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. A detailed reconciliation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities*. A detailed reconciliation of these differences is provided in this reconciliation.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(3) **Capital Assets:**

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets, being depreciated:				
Leasehold improvements	\$ 63,365	\$ -	\$ -	\$ 63,365
Furniture, fixtures and equipment	82,734	982	(988)	82,728
Computer hardware and software	65,913	1,652	(46,817)	20,748
Buildings	75,397	-	-	75,397
Total capital assets, being depreciated	<u>287,409</u>	<u>2,634</u>	<u>(47,805)</u>	<u>242,238</u>
Less accumulated depreciation for:				
Leasehold Improvements	15,454	4,224	-	19,678
Furniture, fixtures and equipment	46,874	8,618	(988)	54,504
Computer hardware and software	64,943	1,792	(46,817)	19,918
Buildings	6,303	2,603	-	8,906
Total accumulated depreciation	<u>133,574</u>	<u>17,237</u>	<u>(47,805)</u>	<u>103,006</u>
Capital assets, net	<u>\$ 153,835</u>	<u>\$ (14,603)</u>	<u>\$ -</u>	<u>\$ 139,232</u>

Capital assets are used by multiple functions with the School and cannot be easily charged to a specific function. For the year ended June 30, 2016, unallocated depreciation expense was \$17,237.

(4) **Note Payable:**

At June 30, 2016, debt consisted of a note payable to a financial institution. The note payable was issued on November 9, 2012, for the purpose of purchasing a mobile home. The total debt issued was \$53,440 at an interest rate of 5.25%. The note is collateralized by the mobile home.

For the year ended June 30, 2016, a summary of long-term debt is as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Note Payable	\$ 20,236	\$ -	\$ 14,115	\$ 6,121	\$ 6,121

As of June 30, 2016, the annual debt service requirements to maturity for the note payable governmental-type activity debt outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,121	\$ 78	\$ 6,199

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(5) **Concentrations:**

(a) **Cash and cash equivalents**—At year-end, the carrying amount of the School’s deposits were \$72,248 and the bank balances were \$85,206. The School maintains cash deposits at a bank in Florida. The School has no deposit policy for custodial risk, which is the risk that in the event of a bank failure, the School’s deposit may not be returned. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to FDIC limits. Any balance in excess of FDIC insurance is covered by collateral held by the School’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

(b) **Local revenue sources**—As stated in Note 1, the School receives revenues for general operations primarily from the Volusia County District School Board. Substantial federal awards are also received for the operation of additional programs. The following is a schedule of local revenue sources and amounts.

Sources	Amounts
Volusia County District School Board	
Base student allocation	\$ 653,997
ESE guaranteed allocation	13,860
Supplemental academic instruction	39,014
Class size reduction funds	172,159
Discretionary local effort (WFTE share)	51,272
Discretionary millage	12,011
Instructional materials allocation	11,581
Student transportation	37,332
Teacher's lead program	1,440
Total Volusia County District School Board	992,666
Federal grants	707,433
Other revenues	303,607
Total revenue	\$ 2,003,706

The amount received from the Volusia County District School Board was reduced by a \$47,304 administration fee. The administration fee withheld is recorded as expenditures in the financial statements. Amounts due from the Volusia County District School Board represented approximately 70% of accounts receivables at June 30, 2016.

THE CHILES ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(6) **Related Party Information:**

The Volusia County District School Board provides the School with various equipment and furniture. The District maintains title to said property and all property is to be returned to the District if the School ceases operations or no longer has use for the assets. These assets are not included in the financial statements of the School. The School also occupies a building owned and previously used by the District for educational purposes. In lieu of rental payments, the School is responsible for all upkeep and maintenance on the District's property. This agreement is in effect until June 30, 2020, and may be renewed contingent upon the extension of the School's charter.

(7) **Interfund Accounts and Transfers:**

The outstanding balances between funds result primarily from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system and when payments between funds are made. As of June 30, 2016, amounts due from other funds consist of the following:

	Due to Other Funds	Due from Other Funds
General Fund	\$ -	\$ 14,141
Early Head Start Grant Special Revenue Fund	10,269	-
Child Care Nutrition Special Revenue Fund	3,872	-
	\$ 14,141	\$ 14,141

Transfers occurred to move monies from the General Fund to subsidize operations accounted for in other funds in accordance with budgetary authorizations. During the year ended June 30, 2016, the General Fund transferred \$67,353 and \$51,701 to the Early Head Start Grant Special Revenue Fund and Child Care Nutrition Special Revenue Fund, respectively.

(8) **Risk Management:**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Volusia County District School Board	\$ 1,028,894	\$ 995,528	\$ 992,666	\$ (2,862)
Other revenues:				
Donations	10,500	2,500	2,230	(270)
Child care service fees	313,400	291,000	295,039	4,039
Food service	6,500	5,500	6,268	768
Other income	1,600	265	70	(195)
Total revenues	<u>1,360,894</u>	<u>1,294,793</u>	<u>1,296,273</u>	<u>1,480</u>
Expenditures				
Current:				
Basic instruction	509,363	415,531	414,552	979
Exceptional instruction	32,737	32,016	28,947	3,069
Guidance services	67,350	67,350	66,832	518
Health services	25,096	24,951	23,139	1,812
Curriculum development	-	2,662	2,662	-
Staff development	20,758	22,178	20,342	1,836
General administration	4,005	4,933	4,439	494
School administration	116,122	171,651	171,933	(282)
Fiscal services	81,877	75,332	75,046	286
Transportation	39,800	45,500	44,560	940
Operation of plant	135,751	143,648	143,098	550
Maintenance of plant	3,400	8,776	8,776	-
Other programs and services	253,825	236,097	236,084	13
Debt service:				
Principal	13,900	14,116	14,115	1
Interest charges	960	746	746	-
Total expenditures	<u>1,304,944</u>	<u>1,265,487</u>	<u>1,255,271</u>	<u>10,216</u>
Excess of revenues over expenditures	<u>55,950</u>	<u>29,306</u>	<u>41,002</u>	<u>11,696</u>
Other financing sources (uses)				
Transfers out	(83,829)	(119,058)	(119,054)	4
Total other financing sources (uses)	<u>(83,829)</u>	<u>(119,058)</u>	<u>(119,054)</u>	<u>4</u>
Net change in fund balance	<u>(27,879)</u>	<u>(89,752)</u>	<u>(78,052)</u>	<u>11,700</u>
Fund balance, beginning of year	181,094	181,094	181,094	-
Fund balance, end of year	<u>\$ 153,215</u>	<u>\$ 91,342</u>	<u>\$ 103,042</u>	<u>\$ 11,700</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - EARLY HEAD START GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Federal grants	\$ 515,216	\$ 517,320	\$ 516,566	\$ (754)
Expenditures				
Current:				
Basic instruction	347,222	354,283	353,743	540
Guidance services	9,386	8,202	9,140	(938)
Health services	11,136	11,086	10,032	1,054
Curriculum development	-	852	852	-
Staff development	11,802	14,423	14,125	298
School administration	74,886	71,179	72,424	(1,245)
Fiscal services	40,906	39,034	39,990	(956)
Food services	16,318	17,886	16,498	1,388
Operation of plant	37,248	40,718	39,837	881
Parenting	27,429	27,014	27,278	(264)
Total expenditures	<u>576,333</u>	<u>584,677</u>	<u>583,919</u>	<u>758</u>
Deficiency of revenues over expenditures	<u>(61,117)</u>	<u>(67,357)</u>	<u>(67,353)</u>	<u>4</u>
Other financing sources				
Transfers in	61,117	67,357	67,353	(4)
Total other financing sources	<u>61,117</u>	<u>67,357</u>	<u>67,353</u>	<u>(4)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - TITLE I GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Federal grants	\$ 16,320	\$ 16,320	\$ 16,320	\$ -
Expenditures				
Current:				
Basic instruction	14,651	16,320	16,320	-
Total expenditures	15,467	16,320	16,320	-
Excess of revenues over expenditures	<u>853</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	<u>853</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - CHILD CARE NUTRITION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues				
Federal grants	\$ 185,000	\$ 178,000	\$ 174,547	\$ (3,453)
Total revenues	<u>185,000</u>	<u>178,000</u>	<u>174,547</u>	<u>(3,453)</u>
Expenditures				
Current:				
School administration	17,307	11,055	11,269	(214)
Food services	172,681	199,606	195,725	3,881
Operation of plant	17,728	19,040	19,254	(214)
Total expenditures	<u>207,716</u>	<u>229,701</u>	<u>226,248</u>	<u>3,453</u>
Deficiency of revenues over expenditures	<u>(22,716)</u>	<u>(51,701)</u>	<u>(51,701)</u>	<u>-</u>
Other financing sources				
Transfers in	22,716	51,701	51,701	-
Total other financing sources	<u>22,716</u>	<u>51,701</u>	<u>51,701</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information.

THE CHILES ACADEMY, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

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

The Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual (the Schedules) are presented using the School’s budget format for all governmental funds.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the Board). For fiscal year ended June 30, 2016, the budget presented has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

**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,
The Chiles Academy, Inc.:

We have audited, 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, the financial statements of the governmental activities and each major fund of The Chiles Academy, Inc. (the School), a component unit of Volusia County District School Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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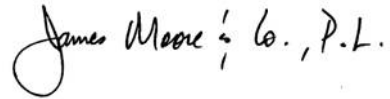
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
September 1, 2016

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

To the Board of Directors,
The Chiles Academy, Inc.

Report on the Financial Statements

We have audited the financial statements of The Chiles Academy, Inc. (the School), a component unit of Volusia County District School Board, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated September 1, 2016.

Auditors' Responsibility

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, and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which is dated September 1, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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. Corrective action has been taken to address all findings and recommendations made in the preceding annual financial audit reports.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the School be disclosed in the management letter. The official title of the School is The Chiles Academy, Inc.

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Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the 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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Website the information specified in Section 1002.33(9)(p), Florida Statutes.


Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires 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.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Volusia County District School Board, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Daytona Beach, Florida
September 1, 2016