

A decorative border of colored pencils surrounds the central text. The pencils are arranged in a rectangular frame, with colors including yellow, brown, green, red, blue, and dark blue. A cup of pencils is located in the bottom right corner.

Genesis Preparatory School
of Gainesville, Inc.

A Component Unit of Alachua County District School Board

Financial Statements
and
Independent Auditors' Reports

June 30, 2014

KATTELL AND COMPANY, P.L.

A professional accounting firm serving the nonprofit community

**808-B NW 16th Avenue
Gainesville, Florida 32601
(352) 395-6565**

Financial Statements and Independent Auditors' Reports

June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Genesis Preparatory School of Gainesville, Inc.

September 25, 2014

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Genesis Preparatory School of Gainesville, Inc. (the School), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2014, 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 the 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 required 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 auditor's 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 entity'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 entity'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.

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 School as of June 30, 2014, and the respective changes in financial position 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 management's discussion and analysis and the budgetary comparison schedules, as listed in the 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 basic 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 25, 2014, on our consideration of the School's internal control over financial reporting (internal control) 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 and compliance and the results of that testing, and not to provide an opinion on internal control 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 and compliance.

Kattell and Company, P.L.

Management's Discussion and Analysis
June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2014:

- The School's overall net position decreased by approximately \$68,000, which is about 19%.
- Total ending unrestricted net position was approximately \$280,000.
- The School had total expenses for the year of about \$554,000, compared to revenues of approximately \$486,000.
- The School serves grade levels K-3 with 68 students in 2014 and 69 students in 2013.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net Position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. 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.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Management's Discussion and Analysis
June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net position and changes in net position.

	2014 Governmental <u>Activities</u>	2013 Governmental <u>Activities</u>
Net Position		
Assets:		
Non-capital Assets	\$ 283,406	\$ 348,904
Capital Assets, Net	<u>7,306</u>	<u>8,423</u>
Total Assets	<u>290,712</u>	<u>357,327</u>
Liabilities:		
Current Liabilities	<u>3,050</u>	<u>2,060</u>
Net Position:		
Net Investment in Capital Assets	7,306	8,423
Unrestricted	<u>280,356</u>	<u>346,844</u>
Total Net Position	<u>\$ 287,662</u>	<u>\$ 355,267</u>
Change in Net Position		
Program Revenues:		
Charges for Services	\$ 11,074	\$ 17,800
Capital Grants & Contributions	27,750	25,291
General Revenues:		
Title I Grant	21,072	34,116
Florida Education Finance Program	423,190	403,536
Other State Revenues	2,300	744
Unrestricted Grants & Contributions	222	2,375
Unrestricted Investment Earnings	<u>303</u>	<u>334</u>
Total Revenues	<u>485,911</u>	<u>484,196</u>
Program Expenses:		
Instruction	281,161	222,973
Instructional Support Services	5,825	9,344
General Support	256,298	213,339
Community Services	<u>10,232</u>	<u>21,137</u>
Total Expenses	<u>553,516</u>	<u>466,793</u>
Change in Net Position	(67,605)	17,403
Beginning Net Position	<u>355,267</u>	<u>337,864</u>
Ending Net Position	<u>\$ 287,662</u>	<u>\$ 355,267</u>

Management's Discussion and Analysis

June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$38,824 in program revenues and \$447,087 of general revenues, and incurred \$553,516 of program expenses. This resulted in a \$67,605 decrease in net position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund decreased by \$66,488 from \$346,844 to \$280,356.

Special Revenue Fund. The fund balance of the Special Revenue Fund remained at \$0. Revenues were recognized to the extent of allowable expenditures incurred during the year.

Capital Projects Fund. The fund balance of the Capital Projects Fund remained at \$0. All capital outlay funds received were expended on eligible costs during the year.

BUDGETARY HIGHLIGHTS

General Fund. There were no significant differences between original and final budgets. There were no differences between the final budget and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School had no significant capital asset activity. Please refer to the note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration. The School had no long term debt at the beginning of the year and issued no new debt during the year. Please refer to the paragraph entitled *Long-Term Liabilities* in the notes to the accompanying financial statements for more detailed information about the School's long-term debt policy.

ECONOMIC FACTORS

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Charmaine B. Henry, Administrator/Lead Teacher, 207 NW 23rd Avenue, Gainesville, Florida 32609.

Statement of Net Position
June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

	Governmental Activities
Assets	
Cash	\$ 279,373
Grant Receivables	3,603
Prepays	430
Depreciable Capital Assets, Net	<u>7,306</u>
 Total Assets	 <u>290,712</u>
Liabilities	
 Accounts Payable	 <u>3,050</u>
 Total Liabilities	 <u>3,050</u>
Net Position	
 Net Investment in Capital Assets	 7,306
Unrestricted	<u>280,356</u>
 Total Net Position	 <u><u>\$ 287,662</u></u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs:				
Governmental Activities:				
Instruction	\$ (281,161)	\$ --	\$ --	\$ (281,161)
Instructional Support Services	(5,825)	--	--	(5,825)
General Support	(256,298)	--	--	(228,548)
Community Services	(10,232)	11,074	--	842
Total	<u>\$ (553,516)</u>	<u>\$ 11,074</u>	<u>\$ --</u>	<u>\$ 27,750</u>

General Revenues:

Federal through State:	
Title I Grant	21,072
State Revenue:	
Florida Education Finance Program	423,190
Other State Revenues	2,300
Unrestricted Grants and Contributions	222
Unrestricted Investment Earnings	303
Total General Revenues	<u>447,087</u>
Change in Net Position	<u>(67,605)</u>
Net Position – Beginning of Year	<u>355,267</u>
Net Position – End of Year	<u><u>\$ 287,662</u></u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 279,373	\$ --	\$ --	\$ 279,373
Grants Receivable	3,603	--	--	3,603
Prepaid Expenses	430	--	--	430
Total Assets	<u>283,406</u>	<u>--</u>	<u>--</u>	<u>283,406</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	3,050	--	--	3,050
Total Liabilities	3,050	--	--	3,050
Fund Balances:				
Non-spendable - Prepaids	430	--	--	430
Unassigned	279,926	--	--	279,926
Total Fund Balances	280,356	--	--	280,356
Total Liabilities and Fund Balances	<u>\$ 283,406</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 283,406</u>

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position—
Governmental Funds**

June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

Fund Balances – Total Governmental Funds	\$ 280,356
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	<u>7,306</u>
--	--------------

Net Position of Governmental Activities	<u><u>\$ 287,662</u></u>
--	--------------------------

See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

For the Year Ended June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Federal through State:				
Title I Grant	\$ --	\$ 21,072	\$ --	\$ 21,072
State Revenue:				
Florida Education Finance Program	423,190	--	--	423,190
Public Education Capital Outlay	--	--	27,750	27,750
Other State Revenue	2,300	--	--	2,300
Local Revenue:				
School Age Child Care Fees	11,074	--	--	11,074
Interest Income	303	--	--	303
Other Local Revenue	222	--	--	222
Total Revenues	<u>437,089</u>	<u>21,072</u>	<u>27,750</u>	<u>485,911</u>
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	262,145	17,899	--	280,044
Instructional Support Services	2,652	3,173	--	5,825
General Support	228,548	--	--	228,548
Community Services	10,232	--	--	10,232
Capital Outlay	--	--	27,750	27,750
Total Expenditures	<u>503,577</u>	<u>21,072</u>	<u>27,750</u>	<u>552,399</u>
Excess of Revenues Over Expenditures	(66,488)	--	--	(66,488)
Fund Balances, July 1, 2013	<u>346,844</u>	<u>--</u>	<u>--</u>	<u>346,844</u>
Fund Balances, June 30, 2014	<u>\$ 280,356</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 280,356</u>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities – Governmental Funds**

For the Year Ended June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

Excess of Revenues over Expenditures – Total Governmental Funds (66,488)

Amounts reported for governmental activities in the statement of activities are different because:

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

Current Year Expenditures for Capital Assets	1,011
Current Year Depreciation Expense	<u>(2,128)</u>

Change in Net Position of Governmental Activities (67,605)

See accompanying notes.

Notes to the Financial Statements

June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Genesis Preparatory School, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

The Genesis Preparatory School of Gainesville, Inc. 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 not-for-profit corporation conducts business as Genesis Preparatory School (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

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, the Alachua County District School Board (the District). The current charter is effective until June 30, 2023, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. 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, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered 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 School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with 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.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal inter-fund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Notes to the Financial Statements

June 30, 2014

Genesis Preparatory School of Gainesville, Inc. A Component Unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following Governmental funds are used by the School:

GOVERNMENTAL FUND

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with grants that are restricted to operational uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no non-major funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

Cash

Cash consists of deposits in financial institutions. Such deposits qualify as public deposits and are insured by Florida's Public Deposits Program as defined in Section 280.02, Florida Statutes. The School has no policy regarding deposit custodial credit risk.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaids do not represent available expendable resources.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements	15
Furniture, Fixtures and Equipment	5

Notes to the Financial Statements

June 30, 2014

Genesis Preparatory School of Gainesville, Inc. A Component Unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of 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 the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School does not pay employees for unused sick or vacation time, and unused time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations would be reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus. The School has no long-term liabilities.

Net Position

Net Position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets* represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net Position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. The balance of Net Position is reported as *unrestricted*.

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

Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

Non-Spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned. Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Administrator. Assigned fund balance includes spendable fund balance amounts established by the Administrator that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Administrator. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Notes to the Financial Statements

June 30, 2014

Genesis Preparatory School of Gainesville, Inc. A Component Unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Fund Balance Classifications (concluded)

Unassigned. Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School that they will use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

New Accounting Standard

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27. This statement will require the School to report its pro-rata share of any net pension liability of the Florida Retirement System (see Note 5 – Employee Retirement Plan) on the Statement of Net Position. Statement No. 68 will be implemented in fiscal year 2015 as required by GASB.

NOTE 2 – RELATED PARTY

The School employs a person who is related to the School's Administrator. The School paid this person \$3,086 in compensation during the year ended June 30, 2014.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets:				
Improvements	\$ 2,024	\$ --	\$ --	\$ 2,024
Furniture, Fixtures & Equipment	21,832	1,011	--	22,843
Total Capital Assets	23,856	1,011	--	24,867
Accumulated Depreciation:				
Improvements	1,732	135	--	1,867
Furniture, Fixtures & Equipment	13,701	1,993	--	15,694
Total Accumulated Depreciation	15,433	2,128	--	17,561
Net Capital Assets	\$ 8,423	\$ (1,117)	\$ --	\$ 7,306

Depreciation was charged to functions/programs as follows:

Instruction	\$ 2,044
General Support	84
Total Depreciation Expense	<u>\$ 2,128</u>

NOTE 4 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any the current and previous two years.

Notes to the Financial Statements

June 30, 2014

Genesis Preparatory School of Gainesville, Inc.

A Component Unit of the Alachua County District School Board

NOTE 5 – LEASES

The School has an operating lease for its building. Lease payments are \$5,000 per month and the lease term ends July 31, 2015. Lease payments of \$60,000 were made during the fiscal year ended June 30, 2014. The future minimum lease payments are as follows:

Year Ended	
<u>June 30,</u>	<u>Amount</u>
2015	\$ 60,000
2016	<u>5,000</u>
Total	<u>\$ 65,000</u>

NOTE 6 – EMPLOYEE RETIREMENT PLAN

Plan Description – The School contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement plan administered by the State of Florida, Department of Management Services, Division of Retirement. The FRS offers members both a defined benefit plan (Pension Plan) and/or a defined contribution plan (Investment Plan) to provide retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, by accessing the FRS website or by calling (850) 488-5540.

Funding Policy – The FRS requires a contribution of 3% of covered pay from employees. Deferred Retirement Option Program (DROP) participants are not required to contribute. UA - Regular Class participants are not required to contribute. The School is required to contribute at an actuarially determined rate. The employer contribution rates at June 30 were:

	<u>2013</u>	<u>2013</u>	<u>2012</u>
FRS Pension Plan member	6.95%	5.18%	4.91%
DROP participant	12.84%	5.44%	4.42%
UA - Regular Class participant	3.39%	--	--

The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. The School's contribution to the FRS for the years ended June 30, 2014, 2013 and 2012 was \$15,017, \$11,568, and \$13,526, respectively, which was equal to the required contribution for those years.

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
State Revenue:				
Florida Education Finance Program	\$ 412,500	\$ 423,190	\$ 423,190	\$ --
Other State Revenue	775	2,300	2,300	--
Local Revenue:				
School Age Child Care Fees	22,000	11,074	11,074	--
Interest Income	550	303	303	--
Other Local Revenue	2,500	222	222	--
Total Revenues	438,325	437,089	437,089	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	225,072	262,145	262,145	--
Instructional Support Services	4,315	2,652	2,652	--
General Support	215,605	228,548	228,548	--
Community Services	24,980	10,232	10,232	--
Total Expenditures	469,972	503,577	503,577	--
Excess of Revenues Over (Under)Expenditures	(31,647)	(66,488)	(66,488)	--
Fund Balances, July 1, 2013	31,647	346,844	346,844	--
Fund Balances, June 30, 2014	\$ --	\$ 280,356	\$ 280,356	\$ --

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

	<u>BUDGETED AMOUNTS</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal through State: Title I Grant	<u>\$ 35,300</u>	<u>\$ 21,072</u>	<u>\$ 21,072</u>	<u>\$ --</u>
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	32,610	17,899	17,899	--
Instructional Support Services	<u>2,690</u>	<u>3,173</u>	<u>3,173</u>	<u>--</u>
Total Expenditures	<u>35,300</u>	<u>21,072</u>	<u>21,072</u>	<u>--</u>
Excess of Revenues Over (Under)Expenditures	--	--	--	--
Fund Balances, July 1, 2013	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances, June 30, 2014	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 25, 2014

To the Board of Directors
Genesis Preparatory School of Gainesville, Inc.

We have audited the financial statements of Genesis Preparatory School of Gainesville, Inc. (the School) for the year ended June 30, 2014, and have issued our report thereon dated September 25, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

Disclosures. There are no disclosures that are particularly sensitive.

Corrected and Uncorrected Misstatements. Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There are no uncorrected misstatements.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no difficulties in dealing with management in performing and completing our audit.

Disagreements with Management. For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants. In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Consultations Prior to Engagement. We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kattell and Company, P.L.

Kattell and Company, P.L.

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MANAGEMENT LETTER

To the Board of Directors,
Genesis Preparatory School of Gainesville, Inc.

Report on the Financial Statements. We have audited the financial statements of Genesis Preparatory School of Gainesville, Inc. (the School), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 25, 2014.

Auditors' Responsibility. 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.

Other Reporting Required by *Government Auditing Standards*. We have issued our Independent Auditor's 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*, and Schedule of Findings. Disclosures in that report, which is dated September 25, 2014, and the Schedule of Findings, 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. In that regard, Finding 2014-001 is similar to Finding 13-01 in the prior year.

Financial Condition.

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the 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 School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply 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 apply appropriate procedures to determine whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School is not in compliance with the Statutes. Refer to Finding 2014-001 in the accompanying Schedule of Findings.

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.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Genesis Preparatory School of Gainesville, Inc.

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, the local district school board, and the Board of Directors and management of the School and is not intended to be and should not be used by anyone other than these specified parties.

* * * * *

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Kattell and Company, P.L.

September 25, 2014

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,
Genesis Preparatory School of Gainesville, 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 Genesis Preparatory School of Gainesville, Inc. (the School), as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 25, 2014.

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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 grants, 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*.

School's Response to Findings

The School's responses to the findings identified in our audit are described in the accompanying letter from the School. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

* * * * *

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated September 25, 2014.

Kattell and Company, P.L.

September 25, 2014

Schedule of Findings
June 30, 2014
Genesis Preparatory School of Gainesville, Inc.
A Component Unit of the Alachua County District School Board

Transparency

2014-001 Information on School Web site

Finding - According to Florida Statutes, the School is to maintain a Web site that enables the public to obtain information regarding the School as detailed in Sections 1002.33(9)(p) and 1002.33(21)(3); however, the School does not currently have a website.

Recommendation - The School should create and maintain a website in compliance with Florida Statutes.

Genesis Preparatory School of Gainesville, Inc.

207 NW 23rd Avenue
Gainesville, FL 32609
Ph: 352-379-1188
Fax: 352-379-1142

September 25, 2014

Kattell & Company
808-B N. W. 16th Avenue
Gainesville, Florida 32601

Dear Mr. Kattell:

The Board of Directors of Genesis Preparatory School of Gainesville, Inc. would like to thank you for completing our financial audit for the fiscal year ending June 30, 2014. We appreciate the professional and courteous manner in which your staff has worked with us.

We have read the findings and we will make every effort to follow the recommendation to create and maintain a web site that will enable the public to obtain information regarding our school. We have worked diligently to follow and implement all recommendations made in the previous audit years.

Thank you for a job well done and we look forward to working with you and your staff next year.

Sincerely,



Charmaine B. Henry, M.Ed
Administrator/Lead Teacher