

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Financial Statements
with Independent Auditors' Reports Thereon**

June 30, 2015



M^CCRADY | HESS
CERTIFIED PUBLIC ACCOUNTANTS

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**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of The Child and Family Developmental Center, Inc. d/b/a Horizon Charter School of Tampa (the "School"), offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015. Readers are encouraged to use this information in conjunction with information furnished in the School's financial statements. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ For the fiscal year ended June 30, 2015, the School's expenses exceeded revenues by \$26,718.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of School. This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, Audits of Charter Schools and Similar Entities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and the current year changes. The net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to evaluate the School's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities 2) business-type activities and 3) component units. The governmental activities include the School's basic services. The business-type activities are those that the School charges for certain services. For the year ended June 30, 2015, the School had no business-type activities or component units.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a group or related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities. The School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow and funds available at year-end for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is a legally adopted by management of the School and its Board. A budgetary comparison schedule has been included as part of the required supplementary information. The budgetary comparison schedule shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

This report also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

Net Position

The School's combined net position as of June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Assets:			
Current assets	\$ 245,328	\$ 286,334	\$ (41,006)
Capital assets, net	42,164	28,883	13,281
Total assets	<u>287,492</u>	<u>315,217</u>	<u>(27,725)</u>
Liabilities:			
Current liabilities	41,593	42,600	(1,007)
Total liabilities	<u>41,593</u>	<u>42,600</u>	<u>(1,007)</u>
Net Position:			
Investment in capital assets	42,164	28,883	13,281
Unrestricted	203,735	243,734	(39,999)
Total net position	<u>\$ 245,899</u>	<u>\$ 272,617</u>	<u>\$ (26,718)</u>

The change in current assets is due to the decrease in cash on hand. Current and other liabilities decreased during the year due to the timing of payments for accounts payable and accrued expenses. The decrease in total net position is due to the current year operating deficit.

Change in Net Position

The School's total expenses exceeded revenues by approximately \$27,000 in fiscal 2015—see table below.

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:			
State and local sources	\$ 1,328,700	\$ 1,301,469	\$ 27,231
Contributions and other revenues	109,814	81,631	28,183
Total revenues	<u>1,438,514</u>	<u>1,383,100</u>	<u>55,414</u>
Expenses:			
Instruction	708,063	623,252	84,811
Pupil personnel services	10,800	10,800	-
Instructional staff training	-	200	(200)
Board	2,184	2,964	(780)
General administration	62,149	60,448	1,701
School administration	385,430	339,202	46,228
Fiscal services	46,773	50,824	(4,051)
Food service	13,441	14,786	(1,345)
Operation of plant	236,392	238,755	(2,363)
Total expenses	<u>1,465,232</u>	<u>1,341,231</u>	<u>124,001</u>
Change in net position	<u>\$ (26,718)</u>	<u>\$ 41,869</u>	<u>\$ 68,587</u>

The increase in state and local sources and contributions is due to an increase in student enrollment. Overall, the majority of the School's expenses remained consistent with prior year. However, the change in instruction was primarily due to increases in teacher wages in connection with the increase in student enrollment during the current fiscal year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance, compliance and related legal requirements.

Governmental Funds

The focus of School's governmental funds is to provide information on near term inflows, outflows, and balances of usable resources. Such information is useful in assessing School's financing requirements. Specifically, unassigned fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the School completed the year, its governmental fund reported a combined fund balance of \$203,735 and an unassigned spendable fund balance of \$57,560.

General Fund Budgetary Highlights

During the fiscal year, the School amended its general budget twice. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize changes in funding amounts; 3) changes in appropriations necessary to maintain services. With these amendments, there were no significant budget variances.

CAPITAL ASSETS

At the end of fiscal 2015, the School had invested approximately \$70,000 in capital assets.

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Capital assets			
Leasehold improvement	\$ -	\$ 75,624	\$ (75,624)
Construction in progress	40,185	-	40,185
Furniture, fixtures and equipment	<u>30,286</u>	<u>30,286</u>	<u>-</u>
Total capital assets	<u>\$ 70,471</u>	<u>\$ 105,910</u>	<u>\$ (35,439)</u>

This year's major capital asset additions included the following:

- Leasehold improvements – \$40,185

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2016

The budgeted amounts available for appropriation in the general funds are approximately \$1.83 million, which is an increase of approximately \$450,000 from fiscal year 2015. The change is based on a budgeted increase in student population.

Budgeted expenditures in the general fund are approximately \$1.83 million, an increase of approximately \$420,000. The change is primarily due to budgeted capital outlays to the School's new facility and additional instructional expenses to serve the increase in student population.

If the budgeted amounts are realized, the School's general fund balance is expected to decrease slightly for the fiscal year ending June 30, 2016.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 7235 W. Hillsborough Avenue Tampa, FL 33634.



Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of The Child and Family Developmental Center, Inc.,
d/b/a Horizon Charter School of Tampa, a Charter School and Component Unit of the District
School Board of Hillsborough County, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of The Child and Family Development Center, Inc. d/b/a Horizon Charter School of Tampa, a Charter School and Component Unit of the District School Board of Hillsborough, Florida, (the "School") as of and for the year ended June 30, 2015, 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 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, 2015, 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 the management's discussion and analysis and budgetary comparison information on pages 1 - 6 and 27 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 August 18, 2015, 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.

MC CRADY HESS

Maitland, Florida
August 18, 2015

2600 Lake Lucien Drive, Suite 405 ■ Maitland, FL 32751

Office 407-478-4020 ■ Fax 407-478-4021 ■ cpa@mccradyhess.com ■ www.mccradyhess.com

Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA

A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 168,827
Accounts receivable	23,326
Other assets	53,175
Capital assets:	
Furniture, fixtures and equipment	30,286
Construction in progress	40,185
Less accumulated depreciation	<u>(28,307)</u>
Total capital assets, net	<u>42,164</u>
Total assets	<u><u>\$ 287,492</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 23,609
Due to affiliate	<u>17,984</u>
Total liabilities	<u>41,593</u>
NET POSITION	
Invested in capital assets	42,164
Unrestricted	<u>203,735</u>
Total net position	<u><u>\$ 245,899</u></u>

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

Statement of Activities

June 30, 2015

	Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Instruction	\$ 708,063	\$ -	\$ -	\$ -	\$ (708,063)	\$ (708,063)
Pupil personnel services	10,800	-	-	-	(10,800)	(10,800)
Board	2,184	-	-	-	(2,184)	(2,184)
General administration	62,149	-	-	-	(62,149)	(62,149)
School administration	385,430	-	-	-	(385,430)	(385,430)
Fiscal services	46,773	-	-	-	(46,773)	(46,773)
Food services	13,441	18,117	-	-	4,676	4,676
Operation of plant	236,392	-	-	63,193	(173,199)	(173,199)
Total primary government	\$ 1,465,232	\$ 18,117	\$ -	\$ 63,193	(1,383,922)	(1,383,922)
General revenues:						
State and local sources					1,265,507	1,265,507
Contributions and other revenue					91,697	91,697
Total general revenue					<u>1,357,204</u>	<u>1,357,204</u>
Changes in net position					(26,718)	(26,718)
Net position at beginning of year					<u>272,617</u>	<u>272,617</u>
Net position at end of year					<u>\$ 245,899</u>	<u>\$ 245,899</u>

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

THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA

A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida

Balance Sheet - Governmental Fund

June 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 168,827
Accounts receivable	23,326
Other assets	<u>53,175</u>
Total assets	<u>\$ 245,328</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 23,609
Due to affiliates	<u>17,984</u>
Total liabilities	<u>41,593</u>
FUND BALANCES	
Nonspendable:	
Other assets	53,175
Committed:	
Future capital projects	93,000
Spendable:	
Unassigned	<u>57,560</u>
Total fund balances	<u>203,735</u>
Total liabilities and fund balance	<u>\$ 245,328</u>

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position**

June 30, 2015

Total fund balance - general fund \$ 203,735

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. The cost of the net assets are \$70,471 and the accumulated depreciation is \$28,307.

42,164

Total net assets - governmental activities \$ 245,899

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

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

For the Year Ended June 30, 2015

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
State and local sources	\$ 1,265,507	\$ 63,193	\$ 1,328,700
Contributions and other revenue	109,814	-	109,814
Total revenues	1,375,321	63,193	1,438,514
EXPENDITURES			
Current:			
Instruction	685,161	-	685,161
Pupil personnel services	10,800	-	10,800
Board	2,184	-	2,184
General administration	62,149	-	62,149
School administration	381,428	-	381,428
Fiscal services	46,773	-	46,773
Food services	13,441	-	13,441
Operation of plant	173,199	63,193	236,392
Capital outlay	40,185	-	40,185
Total expenditures	1,415,320	63,193	1,478,513
Net changes in fund balances	(39,999)	-	(39,999)
Fund balances at beginning of year	243,734	-	243,734
Fund balances at end of year	\$ 203,735	\$ -	\$ 203,735

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**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, 2015

Net changes in fund balance - general fund \$ (39,999)

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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$40,185) exceeds depreciation expense (\$11,982) in the current period. 28,203

The loss on the disposal of assets is reported in the statement of activities, whereas nothing is reported in the governmental funds. (14,922)

Change in net position of governmental activities \$ (26,718)

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

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

Notes to Financial Statements

For the Year Ended June 30, 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Child and Family Developmental Center, Inc., d/b/a Horizon Charter School of Tampa (the "School"), is a not-for-profit corporation that operates under a charter approved by the sponsoring district, the District School Board of Hillsborough County Florida (the "School Board"). The School operates under the registered fictitious name of "Horizon Charter School of Tampa." The governing body of the School is the Board of Directors of Horizon Charter School of Tampa, which is composed of at least three members.

Charter Contract

The current charter expires June 30, 2028 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to those of a private-sector business. The statement of net position and statement of activities are designed to provide financial information as a whole about the School on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

Program revenues include charges paid by the recipient for goods and services offered by the program, grants and contributions restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School's most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are major individual governmental funds reported in the fund financial statements:

- General Fund – is the School's primary operating fund that accounts for all financial resources of the school, except those require to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For the purpose of these statements, the general and capital projects funds are considered major funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reports in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing of the related cash flows take place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition of capital leases are reported as other financing sources.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

The School maintains its cash with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant risks.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical costs and reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date of donated. The School capitalizes assets with a cost of \$1,000 or more. Expenditures of normal maintenance and repair that do not add to the assets value or extend the useful live are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Leasehold improvements	5
Furniture, fixtures and equipment	3 – 5

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

Net Position and Fund Balance Classifications

Government-wide financial statements

The net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital asset net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted – consist of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There were no restricted balances as of June 30, 2015.
- Unrestricted – all other amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All non-spendable fund balances at year end relate to assets that are in not spendable form.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. There were no restricted balances as of June 30, 2015.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance classification includes amounts that are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. There were no assigned balances as of June 30, 2015.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote that the special revenue may be used to account for the proceeds of specific revenue sources (other than trust for individual, private organizations or other governmental or for major capital projects) legally restricted to expenditures for specified purposes.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

Board Designations for Capital Projects

During the fiscal year ending June 30, 2015, the Board of Directors designated \$93,000 to be used for future capital projects of the School. As of June 30, 2015, this amount is reported as a committed fund balances in the accompanying Balance Sheet – Governmental Fund.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for non-general funds to be classified as restricted fund balance. It is also possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for operations are provided primarily from the District School Board of Hillsborough County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the Charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative fee is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administration fee is calculated on the FEFP Revenue, for up to 250 students.

The basic amount of funding through the FEFP under Section 1011.62 is the product of (1) the School's un-weighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the 2014-2015 school year, the School reported 201.50 un-weighted FTE. Weighted funding represented approximately 6% of total state funding.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1011.62(1)(e), Florida Statutes, and Rule 6A-6.03411, FAC)

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

2. ACCOUNTS RECEIVABLE

Accounts receivable included in the accompanying financial statements includes \$23,326 of miscellaneous amounts due to the School. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Assets not being depreciated:				
Construction in progress	\$ -	\$ 40,185	\$ -	\$ 40,185
Assets being depreciated:				
Furniture, fixtures & equipment	30,286	-	-	30,286
Leasehold improvements	75,624	-	(75,624)	-
Total capital assets	<u>105,910</u>	<u>-</u>	<u>(75,624)</u>	<u>70,471</u>
Accumulated depreciation:				
Furniture, fixtures & equipment	(26,272)	(2,035)	-	(28,307)
Leasehold improvements	(50,755)	(9,947)	60,702	-
Total accumulated depreciation	<u>(77,027)</u>	<u>(11,982)</u>	<u>60,702</u>	<u>(28,307)</u>
Capital assets, net	<u>\$ 28,883</u>	<u>\$ 28,203</u>	<u>\$ (14,922)</u>	<u>\$ 42,164</u>
Depreciation expense:				
Instruction			\$ 7,980	
School administration			<u>4,002</u>	
Total governmental activities depreciation expense			<u>\$ 11,982</u>	

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

4. SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources

District School Board of Hillsborough County, Florida:

Florida Education Finance Program	\$ 852,806
Class size reduction	216,908
Capital outlay funding	63,193
Discretionary local effort	50,601
ESE guaranteed allocation	41,405
Supplemental academic instruction	38,889
Discretionary millage funds	28,412
School recognition fund	19,976
Instructional materials	15,648
Other state and local revenues	3,319
Teacher lead funds	2,470
Digital classroom allocation	1,862
Discretionary lottery	707
Proration to funds available	<u>(7,496)</u>
Total	<u>\$ 1,328,700</u>

The administrative fee paid to the School Board during the year ended June 30, 2015 totaled approximately \$62,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

5. RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

6. RELATED PARTY TRANSACTIONS

The School has entered into a management agreement with LLL Licensing, Inc., (“LLL Licensing”). LLL Licensing is partially owned by the psychologist and administrator of The Child and Family Developmental Center, Inc. There is no overlap of membership between the Board of Directors of Horizon Charter School of Tampa and the corporation Board of Directors for The Child and Family Developmental Center, Inc. The administrator is not a member of either board and is not employed by the School.

Under the annual management agreement, LLL Licensing provides the daily administrative, ESE support, and curriculum management services to the School for a monthly fee calculated based upon 8% of federal, state and local revenues (FEFP and capital outlay), excluding fundraising, donations, activity fees, and the School Board’s administrative fee. The agreement is annually renewed unless terminated by either party or amended by agreement of both parties. Amounts paid to LLL Licensing during fiscal year 2015 totaled approximately \$98,000, which is reflected as a school administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

Amounts payable to related parties as of June 30, 2015 for reimbursable operation cost are approximately \$18,000 and are included in due to affiliates on the statement of net position and the balance sheet – governmental funds.

During fiscal 2015, services of a psychologist were provided by the above individual who is a partial owner of LLL Licensing, which was included as part of the management fee. Expenses related to these services were approximately \$10,800 during fiscal 2015 and are included in the pupil personnel services in the accompanying financial statements.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

7. COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Lease commitments

Effective July 1, 2015, the School has entered into a non-cancelable operating lease for its facility which expires June 30, 2028. The lease contains a single renewal option to extend the lease for an additional 5 years. The School is required to pay insurance and other operating and maintenance costs.

Future minimum lease payments, including annual increases are as follows:

Year Ended June 30:	
2016	\$ 276,000
2017	326,000
2018	326,000
2019	326,000
2020	326,000
2021-2025	1,780,000
2026-2028	1,167,000
Total	<u>\$ 4,527,000</u>

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

The lease provides the following rental escalation which is evaluated annually based on the school year's October FTE count:

- Fiscal 2016, if the October FTE count exceeds 250 students, the annual minimum rent is equal to \$26,000 plus \$1,000 multiplied by the 2015 October FTE, payable in equal monthly installments.
- Fiscal years 2016 – 2020, if the respective school year's October FTE count exceeds 300 students, the annual minimum rent is equal to \$26,000 plus \$1,000 multiplied by the October 2016 FTE, payable in equal monthly installments.
- Fiscal years 2021 – 2025, if the respective school year's October FTE count exceeds 300, the annual minimum rent is equal to the greater of (a) \$356,000 of (b) \$26,000 plus \$1,000 multiplied by the October 2016 FTE, payable in equal monthly installments.
- Fiscal years 2026 – 2028, if the respective school year's October FTE count exceeds 300, the annual minimum rent is equal to the greater of (a) \$389,000 of (b) \$26,000 plus \$1,000 multiplied by the October 2025 FTE, payable in equal monthly installments.

For the year ended June 30, 2015, the School operated on a month-to-month lease. Rental expense for the lease was approximately \$170,000 which is reflected as an operation of plant expense/expenditure in the accompanying financial statements.

8. INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

**Notes to Financial Statements
(continued)**

9. SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 18, 2015 which is the date the financial statements were available to be issued.

Since the close of the fiscal year, the School registered with the Florida Department of State Division of Corporations for a new fictitious name. Effective July 1, 2014 the official title of the entity is The Child and Family Developmental Center, Inc. d/b/a Horizon Charter School of Tampa.

**THE CHILD AND FAMILY DEVELOPMENTAL CENTER, INC.
d/b/a HORIZON CHARTER SCHOOL OF TAMPA**

**A Charter School and Component Unit of the
District School Board of Hillsborough County, Florida**

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local sources	\$ 1,244,520	\$ 1,245,427	\$ 1,265,507	\$ 20,080
Contributions and other revenue	75,000	75,000	109,814	34,814
Total revenues	<u>1,319,520</u>	<u>1,320,427</u>	<u>1,375,321</u>	<u>54,894</u>
EXPENDITURES				
Current:				
Instruction	623,147	632,347	685,161	(52,814)
Pupil personnel services	10,300	-	10,800	(10,800)
Instruction staff training	1,000	1,000	-	1,000
Board	3,210	3,210	2,184	1,026
General administration	165,202	64,849	62,149	2,700
School administration	259,360	359,758	381,428	(21,670)
Fiscal services	50,000	50,000	46,773	3,227
Food services	16,500	16,500	13,441	3,059
Operation of plant	190,598	200,405	173,199	27,206
Capital outlay	93,000	93,000	40,185	52,815
Total expenditures	<u>1,412,317</u>	<u>1,421,069</u>	<u>1,415,320</u>	<u>5,749</u>
Net changes in fund balance	(92,797)	(100,642)	(39,999)	60,643
Fund balance at beginning of year	<u>243,734</u>	<u>243,734</u>	<u>243,734</u>	<u>-</u>
Fund balance at end of year	<u>\$ 150,937</u>	<u>\$ 143,092</u>	<u>\$ 203,735</u>	<u>\$ 60,643</u>

See report of independent auditors.



M^cCRADY | HESS
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based
On an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

To the Board of Directors of The Child and Family Developmental Center, Inc.,
d/b/a Horizon Charter School of Tampa, a Charter School and Component Unit of the District
School Board of Hillsborough County, Florida

We have audited, in accordance with the 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 Child and Family Development Center, Inc. d/b/a Horizon Charter School of Tampa, a Charter School and Component Unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 18, 2015.

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 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 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 from 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 is 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the School, the District School Board of Hillsborough County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Maitland, Florida
August 18, 2015

2600 Lake Lucien Drive, Suite 405 ■ Maitland, FL 32751

Office 407-478-4020 ■ Fax 407-478-4021 ■ cpa@mccradyhess.com ■ www.mccradyhess.com

Members of American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of The Child and Family Developmental Center, Inc.,
d/b/a Horizon Charter School of Tampa, a Charter School and Component Unit of the District
School Board of Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of The Child and Family Developmental Center, Inc.,
d/b/a Horizon Charter School of Tampa (the "School") as of and for the fiscal year ended June
30, 2015, and have issued our report thereon dated August 18, 2015.

Auditor's 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 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*.

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 actions have been taken to address findings
and recommendations made in the preceding annual financial audit report.

Official Title

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 The Child and Family Developmental Center, Inc.,
d/b/a Horizon Charter School of Tampa.

Financial Condition

Sections 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 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.

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 Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site 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, the Board of Directors, applicable management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "MCCRADY HESS". The letters are cursive and slanted to the right.

Maitland, Florida
August 18, 2015

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