

**BROOKS DEBARTOLO CHARITIES, INC.  
d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

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

**June 30, 2013**



**M<sup>C</sup>CRADY | HESS | RUTH**  
CERTIFIED PUBLIC ACCOUNTANTS

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**BROOK DEBARTOLO CHARITIES, INC.**  
**d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Brooks DeBartolo Collegiate High School (the "School") offers the following narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2013. 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 AND OTHER HIGHLIGHTS**

- ❖ For the fiscal year ended June 30, 2013, the School's expenses exceeded revenues by approximately \$1.1 million in its government-wide financial statements.
- ❖ The School has met the qualifications to be considered a high performing charter school for fiscal year 2013.

**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 that will enhance the 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. Net position is the difference between the School's total assets and total liabilities. Measuring net assets 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 services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2013, 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 grouping of 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 are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end will be available 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 governmental 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 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.

## GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

### Net Position

The School's combined net position as of June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 757,736	\$ 188,405	\$ 569,331
Capital assets, net	13,497,722	10,017,283	3,480,439
Total assets	<u>14,255,458</u>	<u>10,205,688</u>	<u>4,049,770</u>
<b>Liabilities:</b>			
Current liabilities	213,991	1,590,778	(1,376,787)
Long-term liabilities	<u>17,567,034</u>	<u>10,992,616</u>	<u>6,574,418</u>
Total liabilities	<u>17,781,025</u>	<u>12,583,394</u>	<u>5,197,631</u>
<b>Net Position:</b>			
Investment in capital assets, net of related debt	(2,971,390)	(1,168,078)	(1,803,312)
Unrestricted	<u>(554,177)</u>	<u>(1,209,628)</u>	<u>655,451</u>
Total net position	<u>\$ (3,525,567)</u>	<u>\$ (2,377,706)</u>	<u>\$ (1,147,861)</u>

The change in current assets is due to an increase in cash due to the timing of receipts and disbursements and additional funds received from the borrowing on the School's long-term liabilities. The net increase in capital assets is a result of the excess of capital purchases over current year depreciation expense. Long-term liabilities increased due to borrowings exceeded principal payments in the current year.

## Change in Net Position

The School's total expenses exceeded total revenues by approximately \$1.1 million in fiscal 2013—see table below.

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<b>Revenues:</b>			
Federal sources	\$ 55,510	\$ 54,437	\$ 1,073
State and local sources	1,859,500	1,693,730	165,770
Contributions and other revenues	506,674	482,632	24,042
Total revenues	<u>2,421,684</u>	<u>2,230,799</u>	<u>190,885</u>
<b>Expenses:</b>			
Instruction	1,373,672	1,307,431	66,241
Pupil personnel services	53,923	41,290	12,633
Media services	1,779	187	1,592
Instructional & curriculum development	2,117	-	2,117
Instructional staff training	2,238	1,390	848
Board	50,875	69,974	(19,099)
General administration	26,650	65,658	(39,008)
School administration	457,360	375,612	81,748
Fiscal services	1,112	7,827	(6,715)
Food services	106,572	128,726	(22,154)
Transportation	7,930	15,823	(7,893)
Operation of plant	454,923	298,872	156,051
Community services	82,122	33,811	48,311
Interest	618,200	249,621	368,579
Loan issuance cost	53,357	-	53,357
Unallocated depreciation	276,715	302,329	(25,614)
Special item – loss on disposal of assets	-	1,523,381	(1,523,381)
Total expenses	<u>3,569,545</u>	<u>4,421,932</u>	<u>(852,387)</u>
Change in net position	<u>\$ (1,147,861)</u>	<u>\$ (2,191,133)</u>	<u>\$ (1,043,272)</u>

The change in state and local sources is due to an overall increase in student enrollment. The School ended fiscal year 2013 with 320 students, an increase from prior year when the School reported 287 students.

The School's instructional and student support operating expenses increased due to additional personnel and instructional support expenses. General administration decreased due to the School meeting the qualifications of a high performing charter school. As a result, the administration fee paid decreased to 2% in 2013 from 5% used in 2012. The change in school administration is due to the increase in administrative personnel. Interest expense increased due to additional debt incurred in the fiscal year. The School did not incur any loss on the disposal of assets in the current year.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of \$543,745.

### General Fund Budgetary Highlights

During the fiscal year, the School amended its budget twice. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates used to prepare the original budget once exact information is available, 2) amendments made to recognize changes in funding amounts, and 3) changes in appropriations that become necessary to maintain services.

In the general fund, actual revenues were approximately \$96,000 more than budgeted amounts. Actual expenditures were approximately \$57,000 more than budgeted amounts, exclusive of other financing sources (uses).

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal 2013, the School invested approximately \$13.5 million in capital assets, net of accumulated depreciation of approximately \$726,000.

	<u>2013</u>	<u>2012</u>	<u>Change</u>
<b>Capital assets</b>			
Land	\$ 1,975,000	\$ 1,975,000	\$ -
Buildings and improvements	11,580,627	7,833,791	3,746,836
Furniture, fixtures and equipment	<u>667,993</u>	<u>657,675</u>	<u>10,318</u>
Total	14,223,620	10,466,466	3,757,154
Less – accumulated depreciation	<u>(725,898)</u>	<u>(449,183)</u>	<u>(276,715)</u>
Total capital assets	<u>\$ 13,497,722</u>	<u>\$ 10,017,283</u>	<u>\$ 3,480,439</u>

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

- Completion of the construction on the School's new facility - \$3,746,836
- Computers - \$10,318

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

## **Long-Term Liabilities**

Long-term liabilities had a net increased by approximately \$6.4 million due to additional borrowings to complete the construction of the School's new facility. Interest paid during fiscal year June 30, 2013 was approximately \$618,000. More detailed information about the School's long-term liabilities are presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Budget Highlights for the Fiscal Year Ended June 30, 2014**

Amounts available for appropriation in the general fund are approximately \$3.34 million, an increase of approximately \$1.1 million over the actual 2013 amount, which is primarily a result of a budgeted increase in population to 430 students for fiscal year 2014, as compared to 330 at the end of 2013.

Budgeted expenditures, before other financing used, are expected to be approximately \$3.34 million, an increase of \$800,000 from the fiscal 2013 actual amount. The increase is primarily related to an increase in salaries and related expenses due to the increase in student population. The School added no new programs to the fiscal 2014 budget. If these estimates are realized, the School's general fund balance is expected to consistent at the end of fiscal 2014.

## **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 10948 N. Central Avenue Tampa, FL 33612.



## **Report of Independent Auditors on Basic Financial Statements and Supplementary Information**

To the Board of Directors of Brooks DeBartolo Charities, Inc.,  
d/b/a Brooks DeBartolo Collegiate High School 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, each major fund and the aggregate remaining fund information of Brooks DeBartolo Charities, Inc., d/b/a Brooks DeBartolo Collegiate High School (the "School"), a charter school and component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2013, 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 28 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 20, 2013, 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, 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 + RUTH*

Maitland, Florida  
September 20, 2013

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**BROOKS DEBARTOLO CHARITIES, INC.**  
**d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

**Statement of Net Position**

**June 30, 2013**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 751,756
Due from other agencies	5,230
Deposits	750
Capital assets:	
Land	1,975,000
Buildings and improvements	11,580,627
Furniture, fixtures and equipment	667,993
Less accumulated depreciation	<u>(725,898)</u>
Total capital assets, net	<u>13,497,722</u>
Total assets	<u><u>\$ 14,255,458</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 213,991
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease obligations	25,824
Portion due or payable after one year:	
Equipment line of credit	31,993
Capital lease obligations	9,217
Non-revolving line of credit	<u>17,500,000</u>
Total liabilities	<u>17,781,025</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	(2,971,390)
Unrestricted	<u>(554,177)</u>
Total net position	<u><u>\$ (3,525,567)</u></u>

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

**BROOKS DEBARTOLO CHARITIES, INC.**  
**d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

**Statement of Activities**

**For the Year Ended June 30, 2013**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction	\$ 1,373,672	\$ -	\$ -	\$ -	\$ (1,373,672)	\$ (1,373,672)
Pupil personnel services	53,923	-	-	-	(53,923)	(53,923)
Media services	1,779	-	-	-	(1,779)	(1,779)
Instructional & curriculum development	2,117	-	-	-	(2,117)	(2,117)
Instructional Staff training	2,238	-	-	-	(2,238)	(2,238)
Board	50,875	-	-	-	(50,875)	(50,875)
General administration	26,650	-	-	-	(26,650)	(26,650)
School administration	457,360	-	-	-	(457,360)	(457,360)
Fiscal services	1,112	-	-	-	(1,112)	(1,112)
Food services	106,572	27,431	55,510	-	(23,631)	(23,631)
Transportation	7,930	-	-	-	(7,930)	(7,930)
Operation of plant	454,923	-	-	-	(454,923)	(454,923)
Community services	82,122	-	-	-	(82,122)	(82,122)
Interest	618,200	-	-	-	(618,200)	(618,200)
Loan issuance cost	53,357	-	-	-	(53,357)	(53,357)
Unallocated depreciation	276,715	-	-	-	(276,715)	(276,715)
<b>Total primary government</b>	<b>\$ 3,569,545</b>	<b>\$ 27,431</b>	<b>\$ 55,510</b>	<b>\$ -</b>	<b>(3,486,604)</b>	<b>(3,486,604)</b>
General revenues:						
State and local sources					1,859,500	1,859,500
Contributions and other revenue					479,243	479,243
Total general revenues					<u>2,338,743</u>	<u>2,338,743</u>
Changes in net position					(1,147,861)	(1,147,861)
Net position at beginning of year					<u>(2,377,706)</u>	<u>(2,377,706)</u>
Net position at end of year					<u>\$ (3,525,567)</u>	<u>\$ (3,525,567)</u>

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

**BROOKS DEBARTOLO CHARITIES, INC.  
d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

**Balance Sheet - Governmental Funds**

**June 30, 2013**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 751,756	\$ -	\$ 751,756
Due from other agencies	-	5,230	5,230
Deposits	750	-	750
Due from capital projects fund	5,230	-	5,230
Total assets	<b>\$ 757,736</b>	<b>\$ 5,230</b>	<b>\$ 762,966</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 213,991	\$ -	\$ 213,991
Due to general fund	-	5,230	5,230
Total liabilities	213,991	5,230	219,221
<b>FUND BALANCES</b>			
Nonspendable			
Deposits	750	-	750
Spendable:			
Unassigned	542,995	-	542,995
Total fund balances	543,745	-	543,745
Total liabilities and fund balances	<b>\$ 757,736</b>	<b>\$ 5,230</b>	<b>\$ 762,966</b>

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

**BROOKS DEBARTOLO CHARITIES, INC.  
d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

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

**June 30, 2013**

<b>Total fund balances - governmental funds</b>	<b>\$ 543,745</b>
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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 funds. The cost of the assets are \$14,223,620, and the accumulated depreciation is \$725,898.	13,497,722
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Equipment line of credit	(31,993)
Capital lease obligations	(35,041)
Non-revolving line of credit	<u>(17,500,000)</u>

<b>Total net position - governmental activities</b>	<b><u>\$ (3,525,567)</u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**BROOKS DEBARTOLO CHARITIES, INC.**  
**d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

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

**For the Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Federal sources passed through local school district	\$ -	\$ -	\$ -	\$ 55,510	\$ 55,510
State and local sources	1,740,267	119,233	-	-	1,859,500
Contributions and other revenues	479,243	-	-	27,431	506,674
Total revenues	<u>2,219,510</u>	<u>119,233</u>	<u>-</u>	<u>82,941</u>	<u>2,421,684</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	1,373,672	-	-	-	1,373,672
Pupil personnel	53,923	-	-	-	53,923
Media services	1,779	-	-	-	1,779
Instructional & curriculum development	2,117	-	-	-	2,117
Instructional Staff training	2,238	-	-	-	2,238
Board	50,875	-	-	-	50,875
General administration	26,650	-	-	-	26,650
School administration	457,360	-	-	-	457,360
Facilities acquisition and construction	-	77,858	-	-	77,858
Fiscal services	1,112	-	-	-	1,112
Food services	-	-	-	106,572	106,572
Transportation	7,930	-	-	-	7,930
Operation of plant	454,923	-	-	-	454,923
Community services	82,122	-	-	-	82,122
Debt service:					
Principal	-	-	16,427,635	-	16,427,635
Interest	-	-	676,233	-	676,233
Capital outlay	-	3,757,154	-	-	3,757,154
Total expenditures	<u>2,514,701</u>	<u>3,835,012</u>	<u>17,103,868</u>	<u>106,572</u>	<u>23,560,153</u>
Excess (deficiencies) of revenue over expenditures	<u>(295,191)</u>	<u>(3,715,779)</u>	<u>(17,103,868)</u>	<u>(23,631)</u>	<u>(21,138,469)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt	22,809,308	-	-	-	22,809,308
Operating transfer in	-	3,715,779	17,103,868	23,631	20,843,278
Operating transfer out	(20,843,278)	-	-	-	(20,843,278)
Total other financing sources	<u>1,966,030</u>	<u>3,715,779</u>	<u>17,103,868</u>	<u>23,631</u>	<u>22,809,308</u>
Net changes in fund balances	1,670,839	-	-	-	1,670,839
Fund deficit at beginning of year	(1,127,094)	-	-	-	(1,127,094)
Fund balances at end of year	<u>\$ 543,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,745</u>

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

**BROOKS DEBARTOLO CHARITIES, INC.**  
**d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

**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, 2013**

**Net changes in fund balances - total governmental funds** \$ 1,670,839

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 expenditures (\$3,757,154) exceeds depreciation expense (\$276,715) in the current period. 3,480,439

Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in long-term debt payable. (22,809,308)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 16,427,635

Governmental funds report deferred loan costs paid as expenditures. However, in the statement of activities, the cost of those assets is allocated over the term and reported as amortization expense. This is the amount of loan costs expense in the current period. (53,357)

Governmental funds report transactions involving capital assets and deferred accrued interest as expenditures. The following expenditures were recognized in the governmental funds in the current period:

Retainage costs	77,858
Accrued long-term debt interest	58,033
	<hr/>

**Change in net position of governmental activities** \$ (1,147,861)

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

**BROOKS DEBARTOLO CHARITIES, INC.  
d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

**Notes to Financial Statements**

**For the Year Ended June 30, 2013**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Brooks DeBartolo Charities, Inc., d/b/a Brooks DeBartolo Collegiate High School (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. 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 District School Board of Hillsborough County Florida, (the "School Board"). The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board ("GASB").

**Charter Contract**

The current charter expires on June 30, 2017 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. 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 considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the "Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book" issued by the FDOE.

**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 a private-sector business. The statement of net position and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net position provides information about the School's financial position, its assets and its liabilities, using an economic resources measurement focus.

**BROOKS DEBARTOLO CHARITIES, INC.**  
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**A Charter School and Component Unit of the  
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**Notes to Financial Statements  
(continued)**

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 specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

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

**Recently Issued Accounting Principles**

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011.

**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 that have been 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 individual governmental funds reported in the fund financial statements:

- General Fund – the School's primary operating fund that accounts for all financial resources of the school, except those that are required 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.
- Special Revenue Fund – to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for a specific purpose.
- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.

For the purpose of these statements, the general, capital projects and debt service funds are considered major funds. The special revenue is a non-major fund and reported as other governmental funds.

**BROOKS DEBARTOLO CHARITIES, INC.  
d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported 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 the related cash flows take place.

The 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 after the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenues is recognized at the time the expenditure is made. 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 from the acquisition of long-term debt are reported as other financing sources.

**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 accounts with a financial institution. The School's cash accounts at this institution exceed the federally insured limit. The School has not experienced any losses in such accounts.

**BROOKS DEBARTOLO CHARITIES, INC.**  
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**A Charter School and Component Unit of the  
District School Board of Hillsborough, Florida**

**Notes to Financial Statements  
(continued)**

**Interfund receivables and payables**

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund has recorded total receivables of \$5,230 which are related to amounts paid by the general funds on behalf of the capital projects fund.

**Interfund Transfers**

The School reports its capital projects, debt service and food service fund expenditures in separate funds. For the year ended June 30, 2013, the general funds transferred \$20,843,278 to the other governmental funds for capital projects expenditures (\$3,715,779), debt service payments (\$17,103,868) and food service expenditures (\$23,631) for the current year.

**Capital Assets and Depreciation**

The School's capital assets with useful lives of more than one year are stated at historical cost and are reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Buildings	40
Leasehold improvements	15
Furniture, fixtures and equipment	7
Library	8
Computers	5

Information related to the change in capital assets is described in Note 3.

**Long-Term Liabilities**

Long-term liabilities financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Changes in long-term liabilities for the current year are reported in Note 4.

**BROOKS DEBARTOLO CHARITIES, INC.  
d/b/a BROOKS DEBARTOLO COLLEGIATE HIGH SCHOOL**

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

**Notes to Financial Statements  
(continued)**

**Net Position and Fund Balance Classifications**

*Government-wide financial statements*

Net position is classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, 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 – consists of amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- 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:

- Nonspendable – 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 nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- 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 it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

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**Notes to Financial Statements  
(continued)**

**Order of Fund Balance Spending Policy**

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes 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 2% 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 unweighted 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 2012-2013 school year, the School reported 320.15 unweighted FTE. Weighted funding represented approximately 2% of total state funding.

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**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 DUE FROM OTHER AGENCIES**

Due from other agencies included in the accompanying financial statements includes approximately \$5,200 in capital outlay funds receivable from the School Board. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

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**A Charter School and Component Unit of the  
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**Notes to Financial Statements  
(continued)**

**3 CAPITAL ASSETS**

Capital asset activity during the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Capital assets:</b>				
Land	\$ 1,975,000	\$ -	\$ -	\$ 1,975,000
Buildings	5,925,000	3,746,836	1,908,791	11,580,627
Construction in progress	1,908,791	-	(1,908,791)	-
Furniture, fixtures & equipment	316,450	-	-	316,450
Computers	222,291	-	-	222,291
Library	73,005	-	-	73,005
Assets under capital lease	45,929	10,318	-	56,247
Total capital assets	<u>10,466,466</u>	<u>3,757,154</u>	<u>-</u>	<u>14,223,620</u>
<b>Accumulated depreciation:</b>				
Buildings	(24,688)	(183,472)	-	(208,160)
Furniture, fixtures & equipment	(207,997)	(45,442)	-	(253,439)
Computers	(168,167)	(23,367)	-	(191,534)
Library	(41,067)	(9,124)	-	(50,191)
Assets under capital lease	(7,264)	(15,310)	-	(22,574)
Total accumulated depreciation	<u>(449,183)</u>	<u>(276,715)</u>	<u>-</u>	<u>(725,898)</u>
Capital assets, net	<u>\$ 10,017,283</u>	<u>\$ 3,480,439</u>	<u>\$ -</u>	<u>\$ 13,497,722</u>

Depreciation expense was \$276,715 for the year ended June 30, 2013.

**4 ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued liabilities consist of the following at June 30, 2013:

Accrued interest on long-term liabilities	\$ 49,190
Accrued payroll	138,620
Vendor accounts payable	<u>26,181</u>
Total	<u>\$ 213,991</u>

**BROOKS DEBARTOLO CHARITIES, INC.**  
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**A Charter School and Component Unit of the  
District School Board of Hillsborough, Florida**

**Notes to Financial Statements  
(continued)**

**5 LONG-TERM LIABILITIES**

Long-term debt consists of the following as of June 30, 2013:

Non-revolving line of credit to a financial institution with a maximum borrow limit of \$17.5 million. Interest payments are due monthly and are based on the daily one month LIBOR plus 2.75%. The School may partially or wholly repay its outstanding borrowings at any time; however, any repaid borrowings cannot be re-borrowed. Any outstanding balance is due and payable in full on May 30, 2017. The line of credit was used to consolidate and refinance existing debt and to finance renovations and improvements to the School's facility. The facility is unsecured; however the School executed an agreement with the financial institution not to encumber the facility. The note has a personal guarantor of \$2.8 million from a related party.	\$ 17,500,000
Note payable to a related party. The agreement provided no interest rate or repayment terms. Interest rate accrued on the loan at 4% through March 2013. All outstanding principal and accrued interest was satisfied in March 2013 with the above line of credit.	-
Note payable to a financial institution with principal and interest payments due monthly. Interest rate escalated based on one month LIBOR plus 3.75%. All outstanding principal and accrued interest was satisfied in March 2013 with the above line of credit.	-
Total long-term debt	<u>17,500,000</u>
Less: portion due or payable within one year	<u>-</u>
Portion due or payable after one year	<u>\$ 17,500,000</u>

Proceeds from the non-revolving line of credit were used to satisfy notes payable from the prior fiscal years of approximately \$2.5 million related to building and leasehold improvements from the School's previous leased facility. All building and leasehold improvements related to the note payable were disposed of during 2012 when the School completed construction and moved to its current facility resulting in a write off of the undepreciated and unamortized balances of the building and leasehold improvements. The note payable balance for the building and leasehold improvements is included in the investment in capital assets, net of related debt in the accompanying statement of net position.

Interest paid during the year ended June 30, 2013 on the School's long-term debt totaled approximately \$606,000.

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**A Charter School and Component Unit of the  
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**Notes to Financial Statements  
(continued)**

Future debt service requirements related to the long-term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30,			
2014	\$ -	\$ 656,250	\$ 656,250
2015	-	656,250	656,250
2016	-	656,250	656,250
2017	17,500,000	601,563	18,101,563
	<u>\$ 17,500,000</u>	<u>\$ 2,570,313</u>	<u>\$ 20,070,313</u>

**Capital lease obligations**

The School leases certain computer equipment under capital leases expiring at various dates June 2015. Amortization of the equipment under capital leases over the term of the leases and is included in unallocated depreciation in the accompany statement of activities.

	<u>Payments</u>
Year ended June 30,	
2014	\$ 28,465
2015	9,890
Total minimum lease payments	38,355
Less – amount representing interest	(3,314)
Capital lease obligations	35,041
Less – current maturities	(25,824)
Total	<u>\$ 9,217</u>

Interest paid during the year ended June 30, 2013 on the School's capital lease obligations totaled approximately \$3,500.

**Long-term liabilities activity**

Changes in long-term liabilities for the fiscal year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-revolving line of credit	\$ -	\$ 17,500,000	\$ -	\$ 17,500,000
Notes payable	5,094,479	-	(5,094,479)	-
Related party loan	6,017,868	5,298,990	(11,316,858)	-
Capital lease obligations	38,665	10,318	(13,942)	35,041
Line of credit	34,349	-	(2,356)	31,993
Total long-term liabilities	<u>\$ 11,185,361</u>	<u>\$ 22,809,308</u>	<u>\$ (16,427,635)</u>	<u>\$ 17,567,034</u>

**BROOKS DEBARTOLO CHARITIES, INC.**  
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**A Charter School and Component Unit of the  
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**Notes to Financial Statements  
(continued)**

**Guarantors**

The founders of the School are guarantors on all of the School's long-term liabilities.

**6 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

**District School Board of Hillsborough County, Florida:**

Florida Education Finance Program	\$ 1,188,727
Class size reduction	299,732
Capital outlay	114,003
Discretionary local efforts	71,712
Supplemental academic instruction	63,070
Discretionary millage funds	42,792
School recognition	26,703
Instructional materials	24,888
ESE guaranteed allocation	15,409
Safe schools	5,702
Lead teacher	3,737
Proration to funds available	<u>(5,593)</u>
Total	<u>\$ 1,850,882</u>

The administrative fee paid to the School Board during the year ended June 30, 2013 totaled approximately \$36,700, 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 of governmental funds.

**7 RELATED PARTY TRANSACTIONS**

The School contracted to construct a new facility with a company owned by the School's founders. The School paid construction costs totaling of approximately \$3.7 million to complete its new facility during fiscal 2013. As part of construction and related debt service, the School had a note payable to a corporation owned by the School's founders. The School received approximately \$4.9 million to fund the construction project and meet debt service obligations. During 2013, the School satisfied all outstanding debt obligations to the related party. In connection with the borrowings, the School incurred and paid approximately \$307,000 of interest expense for the year ended June 30, 2013.

**BROOKS DEBARTOLO CHARITIES, INC.**  
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**A Charter School and Component Unit of the  
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**Notes to Financial Statements  
(continued)**

**8 RENTAL AGREEMENTS**

**Facility lease**

The School has entered into an agreement to lease instructional facilities to a non-related Hillsborough County charter school. The lease requires monthly rental payments and expired on June 30, 2013. Rental income charged by the School as of June 30, 2013 totaled approximately \$225,000 and is reflected in contributions and other revenue in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances of governmental funds.

**9 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.

**10 COMMITMENTS AND CONTINGENT LIABILITIES**

**Operating lease obligations**

The School leases certain computer equipment under an operating lease agreements expiring at various dates through June 2016. Future minimum lease payments under these operating lease agreements at June 30, 2013 are as follows:

Year ended June 30,	<u>Payments</u>
2014	\$ 50,747
2015	48,910
2016	<u>28,685</u>
Total	<u>\$ 128,342</u>

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs 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.

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**Notes to Financial Statements  
(continued)**

In the opinion of the School, there are no significant contingent liabilities related 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.

**11 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 tax years 2010 - 2012 are subject to examination by tax authorities, and may change upon examination.

**12 SUBSEQUENT EVENTS**

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 20, 2013, which is the date the financial statements were available to be issued.

**BROOKS DEBARTOLO CHARITIES, INC.**  
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**A Charter School and Component Unit of the  
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**Required Supplementary Information**

**Budgetary Comparison Schedule - General Fund**

**For the Year Ended June 30, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State and local sources	\$ 1,771,827	\$ 1,740,267	\$ 1,740,267	\$ -
Contributions and other revenue	700,700	410,596	479,243	68,647
Total revenues	<u>2,472,527</u>	<u>2,150,863</u>	<u>2,219,510</u>	<u>68,647</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,207,136	1,304,136	1,373,672	69,536
Pupil personnel	54,136	54,136	53,923	(213)
Media services	500	1,800	1,779	(21)
Instructional & curriculum development	-	2,200	2,117	(83)
Instructional Staff training	2,000	2,250	2,238	(12)
Board	24,000	51,300	50,875	(425)
General administration	65,931	26,650	26,650	-
School administration	357,422	458,421	457,360	(1,061)
Fiscal services	8,000	8,000	1,112	(6,888)
Transportation	18,000	18,000	7,930	(10,070)
Operation of plant	402,086	452,086	454,923	2,837
Community services	78,478	78,478	82,122	3,644
Total expenditures	<u>2,217,689</u>	<u>2,457,457</u>	<u>2,514,701</u>	<u>57,244</u>
Excess (deficiency) of revenue over expenditures	<u>254,838</u>	<u>(306,594)</u>	<u>(295,191)</u>	<u>11,403</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	23,227,475	22,809,308	(418,167)
Operating transfer out	-	(21,296,752)	(20,843,278)	453,474
Total other financing sources	<u>-</u>	<u>1,930,723</u>	<u>1,966,030</u>	<u>35,307</u>
Net changes in fund balances	254,838	1,624,129	1,670,839	46,710
Fund balances at beginning of year	<u>(1,127,094)</u>	<u>(1,127,094)</u>	<u>(1,127,094)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (872,256)</u>	<u>\$ 497,035</u>	<u>\$ 543,745</u>	<u>\$ 46,710</u>

See report of independent auditors.



**Report of Independent Auditors 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 Brooks DeBartolo Charities, Inc.,  
d/b/a Brooks DeBartolo Collegiate High School a Charter School  
and Component Unit of the District School Board of Hillsborough County, Florida

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Brooks DeBartolo Charities, Inc., d/b/a Brooks DeBartolo Collegiate High School (the "School"), a charter school and component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 20, 2013.

**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 are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*MC CRADY, HESS + RUTH*

Maitland, Florida  
September 20, 2013

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**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 Brooks DeBartolo Charities, Inc.  
d/b/a Brooks DeBartolo Collegiate High School a Charter School  
and Component Unit of the District School Board of Hillsborough County, Florida

We have audited the financial statements of the governmental activities each major fund and the aggregate remaining fund information of Brooks DeBartolo Charities, Inc., d/b/a Brooks DeBartolo Collegiate High School a Charter School (the "School") as of and for the year ended June 30, 2013, and have issued our report thereon dated September 20, 2013.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports and schedules, which are dated September 20, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- 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. The School has implemented procedures to address the finding and recommendation made in the preceding annual financial audit.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition 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.
- 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 contract 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 school. The official title of the School is Brooks DeBartolo Charities, Inc., d/b/a Brooks DeBartolo Collegiate High School.
- Pursuant to Sections 10.854(1)(e)6a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General and applicable management and is not intended to be and should not be used by anyone other than these specific parties.

*MC CRADY, HESS + RUTH*

Maitland, Florida  
September 20, 2013

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