

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SUMTER COUNTY DISTRICT SCHOOL BOARD)
THE VILLAGES, FLORIDA**

JUNE 30, 2013

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AND
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THE VILLAGES, FLORIDA**

JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Villages Charter School, Inc. (the School), component unit of the Sumter County District School Board, 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 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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

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 for the School as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison statement for the general fund and major special revenue fund for the year then ended in conformity 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 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 October 24, 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 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 the 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.

Purvis, Gray and Company, LLP

October 24, 2013
Ocala, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of The Villages Charter School, Inc. (the Charter School) has prepared the following discussion and analysis to provide an overview and analysis of the Charter School's financial activities for the year ended June 30, 2013. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be read in conjunction with the preceding Independent Auditors' Report and financial statements following this section.

Overview of Financial Statements

This discussion and analysis will serve as introduction to the Charter School's basic financial statements which include three components: 1) governmental activities financial statements; 2) fund financial statements; and 3) notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmental activities and fund financial statements. This report also contains accompanying information in addition to the basic financial statements.

Governmental Activities Financial Statements and Financial Analysis

The *governmental activities financial statements* report information for the Charter School as a whole. The statements are designed to provide an overview of the Charter School's financial position utilizing the full accrual basis of accounting.

The *governmental statement of net position* presents information on all of the Charter School's assets and liabilities, with the difference between the two reported as net position. The net position assets of the Charter School are summarized in the following table:

THE VILLAGES CHARTER SCHOOL, INC. NET POSITION

	Governmental Activities 2013	Governmental Activities 2012
	<u>2013</u>	<u>2012</u>
Current Assets	\$ 1,116,145	\$ 649,002
Capital Assets	1,196,259	686,562
Total Assets	<u>2,312,404</u>	<u>1,335,564</u>
Total Liabilities	<u>1,923,502</u>	<u>1,098,788</u>
Invested in Capital Assets	1,196,259	686,562
Unrestricted	(807,357)	(449,786)
Total Net Position	<u>\$ 388,902</u>	<u>\$ 236,776</u>

The total assets of the Charter School increased \$976,840 in 2013. The total liabilities of the Charter School increased \$824,714 in 2013. The Charter School has no long-term debt. The total net position increased by \$152,126 in 2013, due to the total cost of capital assets purchased during the year exceeding depreciation expense for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The *governmental statement of activities* presents information on all of the Charter School's revenue, expenses, and changes in net position for the year. The changes in net position are detailed as follows:

**THE VILLAGES CHARTER SCHOOL, INC.
CHANGES IN NET POSITION**

	Governmental Activities 2013	Governmental Activities 2012
Revenues		
Program Revenue:		
Capital Grants	\$ 811,119	\$ 898,847
Operating Grants and Contributions	494,415	511,947
Charges for Services	3,984,792	3,753,295
General Revenue:		
Florida Education Finance Program	11,955,993	10,649,151
"A" School Funds	209,192	147,132
Advance Placement Funds	19,934	13,978
Voluntary Pre-kindergarten	362,310	360,912
Contributions	5,215,104	4,045,394
Miscellaneous	187,568	216,475
Total Revenues	23,240,427	20,597,131
Expenses		
Instruction	10,953,788	10,037,506
Instructional Support Services	717,117	699,422
General Support Services	6,396,233	5,018,210
Facilities Operating Lease	811,119	898,847
Maintenance of Plant	1,034,089	913,185
Community Services	2,016,241	1,796,854
Food Services	1,074,248	1,009,515
Depreciation - Unallocated	85,466	49,418
Total Expenses	23,088,301	20,422,957
Change in Net Position	\$ 152,126	\$ 174,174

The Florida Education Finance Program revenue increased \$1,306,842 in 2013 due to a significant increase in student enrollment. Charges for services increased \$231,497 in 2013 primarily due to increased enrollment.

Expenses related to instruction increased by \$916,282. This increase is due to a significant increase in student enrollment for the current year. General support services expenses increased by \$1,378,023. The increase is due to increased technology expenditures and increased furniture and equipment expenditures resulting from the opening of a new elementary school building. Community services expenses increased by \$219,387 mainly due to a significant increase in enrollment resulting in increased participation in the after school program.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Concluded)

Fund Financial Statements and Financial Analysis

Governmental Fund

The financial transactions of the Charter School are reported in three governmental funds, the general fund, which accounts for all functions of the school except food services, the capital projects fund which records the State Charter School Capital Outlay funds, and the special revenue fund which accounts for the food service program. The governmental fund financial statements are presented on the modified accrual basis of accounting, whereas the governmental activities are presented on the full accrual basis.

Fund balance-unassigned in the general fund decreased \$389,606 due to increased capital outlay expenditures due to the opening of a new elementary school building. Fund balance-unassigned in the special revenue fund increased by \$32,035 due to increased enrollment resulting in higher participation in the food service program. The Charter School's governmental fund statement of revenues, and expenses and changes in fund balance shows a total deficiency of revenues under expenditures of \$357,571 for 2013.

Agency Fund

The Charter School uses an *agency fund* to account for assets held by the Charter School as agent for individuals and organizations. The agency fund included in these financial statements is the school internal fund used to administer monies collected for student athletic activities.

Capital Assets

The Charter School's investment in capital assets for its governmental activities amounts to \$1,196,259 (net of accumulated depreciation). This investment in capital assets includes buildings, leasehold improvements, equipment, vehicles, and library books.

Budgetary Comparison Analysis-General Fund

The final budget amount for Florida Education Finance Program revenue is \$498,440 more than the original budget due to actual enrollment being significantly higher than expected. Actual contributions were \$729,161 less than the final budget amount at June 30, 2013. The variance illustrates that less contributions were needed to supplement the operations of the Charter School than expected.

Other Matters of Significance

The Charter School is a component unit of the Sumter County District School Board. Therefore, the Charter School's financial statements are required to be included in the Sumter County District School Board's Annual Financial Report.

The Villages Charter School, Inc. is a charter school in the workplace and is subsidized by the Holding Company of The Villages, Inc. (The Villages). The Villages makes contributions to the Charter School to supplement its operations as needed.

Economic Factors

As part of the State-wide education funding formula through the Sumter County District School Board, the Charter School's economic position is closely tied to that of the State of Florida. As the shortfall of tax revenue in the State of Florida begins to decline and the nation's struggling economy begins to recover, the State appropriations for education are beginning to slowly increase. Management oversight for the 2013-2014 fiscal year will be critical to ensure that the Charter School continues to operate effectively.

**STATEMENT OF NET POSITON
GOVERNMENTAL ACTIVITIES
JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

ASSETS

Assets

Cash in Bank	\$ 636,870
Accounts Receivable	414,948
Prepaid Expenses	55,943
Inventory	8,384
Capital Assets, Net of Accumulated Depreciation	1,196,259
Total Assets	<u>2,312,404</u>

LIABILITIES AND NET POSITION

Liabilities

Accounts Payable - Trade	649,521
Accounts Payable - Related Parties	185,581
Health Claims Payable	528,859
Accrued Expenses	444,059
Unearned Revenue	115,482
Total Liabilities	<u>1,923,502</u>

Net Position

Net Investment in Capital Assets	1,196,259
Unrestricted	(807,357)
Total Net Position	<u>\$ 388,902</u>

See accompanying notes.

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	
Governmental Activities					Governmental Activities
Instruction	\$ 10,953,788	\$ 781,013	\$ 26,102	\$ 0	\$ (10,146,673)
Instructional Support Services	717,117	0	2,700	0	(714,417)
General Support Services	6,396,233	0	0	0	(6,396,233)
Facilities Operating Lease	811,119	0	0	811,119	0
Maintenance of Plant	1,034,089	0	0	0	(1,034,089)
Community Services	2,016,241	2,520,084	0	0	503,843
Food Services	1,074,248	683,695	465,613	0	75,060
Depreciation - Unallocated	85,466	0	0	0	(85,466)
Total Governmental Activities	<u>\$ 23,088,301</u>	<u>\$ 3,984,792</u>	<u>\$ 494,415</u>	<u>\$ 811,119</u>	<u>(17,797,975)</u>

General Revenues

Florida Education Finance Program	11,955,993
"A" School Funds	209,192
Advance Placement Funds	19,934
Voluntary Pre-kindergarten	362,310
Contributions	5,215,104
Other Miscellaneous	187,568
Total General Revenues	<u>17,950,101</u>
Change in Net Position	152,126
Net Position, Beginning of Year	<u>236,776</u>
Net Position, End of Year	<u>\$ 388,902</u>

See accompanying notes.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Total</u>
Assets				
Cash in Bank	\$ 565,905	\$ 70,965	\$ 0	\$ 636,870
Accounts Receivable	405,679	9,269	0	414,948
Prepaid Expenses	55,943	0	0	55,943
Inventory	0	8,384	0	8,384
Due from Other Fund	70,693	0	0	70,693
Total Assets	<u>1,098,220</u>	<u>88,618</u>	<u>0</u>	<u>1,186,838</u>

LIABILITIES AND FUND EQUITY

Liabilities				
Accounts Payable - Trade	621,777	27,744	0	649,521
Accounts Payable - Related Parties	185,581	0	0	185,581
Health Claims Payable	528,859	0	0	528,859
Accrued Expenses	438,352	5,707	0	444,059
Unearned Revenue	115,482	0	0	115,482
Due to Other Fund	0	70,693	0	70,693
Total Liabilities	<u>1,890,051</u>	<u>104,144</u>	<u>0</u>	<u>1,994,195</u>
Fund Balances				
Nonspendable:				
Inventory	0	8,384	0	8,384
Prepaid Items	55,943	0	0	55,943
Unassigned	(847,774)	(23,910)	0	(871,684)
Total Fund Balance	<u>(791,831)</u>	<u>(15,526)</u>	<u>0</u>	<u>(807,357)</u>
Total Liabilities and Fund Balance	<u>\$ 1,098,220</u>	<u>\$ 88,618</u>	<u>\$ 0</u>	<u>\$ 1,186,838</u>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

Total Fund Balance (Deficit) - Governmental Funds

Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

\$ (807,357)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$3,295,954 and the accumulated depreciation is (\$2,099,695) for 2013.

1,196,259

Total Net Position - Governmental Funds

\$ 388,902

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenue				
State - Through the Sumter County				
District School Board:				
Florida Education Finance Program	\$ 11,955,993	\$ 0	\$ 0	\$ 11,955,993
Charter School Capital Outlay Funds	0	0	811,119	811,119
"A" School Funds	209,192	0	0	209,192
Advance Placement Funds	19,934	0	0	19,934
Federal Through State:				
National School Lunch Program	0	465,613	0	465,613
Local:				
Food Services	0	683,695	0	683,695
Grants and Contracts	28,802	0	0	28,802
Contributions	5,215,104	0	0	5,215,104
Voluntary Pre-kindergarten	362,310	0	0	362,310
Child Care and Other Fees	1,996,650	0	0	1,996,650
Lifelong Learning Fees	1,304,447	0	0	1,304,447
Miscellaneous	187,568	0	0	187,568
Total Revenue	<u>21,280,000</u>	<u>1,149,308</u>	<u>811,119</u>	<u>23,240,427</u>
Expenditures				
Current:				
Instruction	10,953,788	0	0	10,953,788
Instructional Support Services	717,117	0	0	717,117
General Support Services	6,396,233	0	0	6,396,233
Facilities Operating Lease	811,119	0	0	811,119
Maintenance of Plant	1,034,089	0	0	1,034,089
Community Services	2,016,241	0	0	2,016,241
Food Services	0	1,074,248	0	1,074,248
Capital Outlay	552,138	43,025	0	595,163
(Total Expenditures)	<u>(22,480,725)</u>	<u>(1,117,273)</u>	<u>0</u>	<u>(23,597,998)</u>
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	(1,200,725)	32,035	811,119	(357,571)
Other Financing Sources (Uses)				
Transfers in/(out)	811,119	0	(811,119)	0
Net Change in Fund Balances	(389,606)	32,035	0	(357,571)
Fund Balance, Beginning of Year	<u>(402,225)</u>	<u>(47,561)</u>	<u>0</u>	<u>(449,786)</u>
Fund Balance, End of Year	<u>\$ (791,831)</u>	<u>\$ (15,526)</u>	<u>\$ 0</u>	<u>\$ (807,357)</u>

See accompanying notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

Total Net Change in Fund Balances - Governmental Funds \$ (357,571)

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$595,163 is more than depreciation expense (\$85,466) in the period.

509,697

Total Change in Net Position - Governmental Funds

\$ 152,126

See accompanying notes.

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue				
State - Through the Sumter County				
District School Board:				
Florida Education Finance Program	\$ 11,454,685	\$ 11,953,125	\$ 11,955,993	\$ 2,868
"A" School Funds	0	0	209,192	209,192
Advance Placement Funds	0	19,500	19,934	434
Local:				
Grants and Contracts	20,000	22,700	28,802	6,102
Contributions	5,499,750	5,944,265	5,215,104	(729,161)
Voluntary Pre-kindergarten	331,258	362,258	362,310	52
Child Care and Other Fees	1,799,935	1,982,435	1,996,650	14,215
Lifelong Learning Fees	1,104,000	1,249,000	1,304,447	55,447
Miscellaneous	134,110	134,110	187,568	53,458
Total Revenue	<u>20,343,738</u>	<u>21,667,393</u>	<u>21,280,000</u>	<u>(387,393)</u>
Expenditures				
Current:				
Instruction	11,185,177	10,953,838	10,953,788	50
Instructional Support Services	769,661	758,390	717,117	41,273
General Support Services	5,458,906	6,405,817	6,396,233	9,584
Facilities Operating Lease	850,000	850,000	811,119	38,881
Maintenance of Plant	1,171,677	1,060,512	1,034,089	26,423
Community Services	1,692,392	1,974,392	2,016,241	(41,849)
Capital Outlay	126,595	554,845	552,138	2,707
(Total Expenditures)	<u>(21,254,408)</u>	<u>(22,557,794)</u>	<u>(22,480,725)</u>	<u>77,069</u>
(Deficiency) of Revenues (Under)				
Expenditures	(910,670)	(890,401)	(1,200,725)	(310,324)
Other Financing Source				
Transfers in	<u>850,000</u>	<u>850,000</u>	<u>811,119</u>	<u>(38,881)</u>
Net Changes in Fund Balances	(60,670)	(40,401)	(389,606)	(349,205)
Fund Balance (Deficit), Beginning of Year	<u>(532,526)</u>	<u>(504,799)</u>	<u>(402,225)</u>	<u>102,574</u>
Fund Balance (Deficit), End of Year	<u>\$ (593,196)</u>	<u>\$ (545,200)</u>	<u>\$ (791,831)</u>	<u>\$ (246,631)</u>

See accompanying notes.

**BUDGETARY COMPARISON STATEMENT
MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue				
Federal Through State:				
National School Lunch Program	\$ 435,284	\$ 435,284	\$ 465,613	\$ 30,329
Local:				
Food Services	713,373	680,873	683,695	2,822
Total Revenue	<u>1,148,657</u>	<u>1,116,157</u>	<u>1,149,308</u>	<u>33,151</u>
Expenditures				
Current:				
Food Service	1,047,987	1,076,487	1,074,248	2,239
Capital Outlay	40,000	44,000	43,025	975
(Total Expenditures)	<u>(1,087,987)</u>	<u>(1,120,487)</u>	<u>(1,117,273)</u>	<u>3,214</u>
Excess of Revenues Over Expenditures	60,670	(4,330)	32,035	36,365
Fund Balance (Deficit), Beginning of Year	<u>(132,796)</u>	<u>(132,796)</u>	<u>(47,561)</u>	<u>85,235</u>
Fund Balance (Deficit), End of Year	<u>\$ (72,126)</u>	<u>\$ (137,126)</u>	<u>\$ (15,526)</u>	<u>\$ 121,600</u>

See accompanying notes.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
AS OF JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	<u>Internal Accounts</u>
Assets	
Cash	\$ 191,312
Liabilities	
Due to Students and Student Organizations	\$ 191,312

See accompanying notes.

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

	Internal Accounts			2013
	2012	Additions	Deletions	
Assets				
Cash	\$ 189,755	\$ 618,786	\$ (617,229)	\$ 191,312
Liabilities				
Due to Students and Student Organizations	\$ 189,755	\$ 618,786	\$ (617,229)	\$ 191,312

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Villages Charter School, Inc. (the School) is a not-for-profit corporation organized in 1999 pursuant to Chapter 617, Florida Statutes, *Florida Not-for-Profit Corporation Act*, and Section 1002.33 Florida Statutes, and operates an elementary, middle school, and high school as a charter school in the workplace. The School also operates an early childhood development and life-long learning program which is not included with the charter provisions. The governing body of the School is the Board of Directors, which is composed of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Sumter County District School Board (the District). The current charter may be renewed or extended. At the end of the terms of the charter, the District may choose not to renew under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Under Florida Statutes, the School's contract provides that in the event the School is dissolved or terminated, any unencumbered funds, and all the School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School, which should be reported with the School's financial statements, are identified and described in the Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

New Accounting Standards Adopted

For the fiscal year ending June 30, 2013, the School adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of net 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, as applicable.

Basis of Presentation

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the major fund). The School's primary activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The School's net position is reported in two parts - invested in capital assets and unrestricted net position. Fiduciary funds that are fiduciary in nature are not included in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function and include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. Operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants.

This government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities.

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

Basic Financial Statements - Fund Financial Statements

The financial transactions of the School are reported in three individual funds in the fund financial statements. The funds are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses.

The following fund types are used by the School:

■ **Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the School:

- **General Fund**—is the general operating fund of the School. It is used to account for all financial resources. This fund is considered a major fund.
- **Special Revenue Fund**—to account for certain federal grants program resources such as the National School Lunch Program. This fund is considered a major special revenue fund.
- **Capital Projects Fund**—to account for the School's State Capital Outlay funds. Amounts are subsequently transferred to the General Fund to pay the operating lease agreement on the School's elementary buildings.

■ Additionally, the School reports the following fiduciary fund type:

- **Agency Fund**—to account for resources of the school internal funds which are used to administer monies collected for student athletic activities.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the recognition, regardless of the measurement focus applied.

■ **Economic Resources Measurement Focus and Accrual Basis of Accounting**

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The effects of interfund activity have been eliminated from the government-wide financial statements. Fiduciary funds are reported on the accrual basis of accounting.

■ **Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within sixty days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Fund Equity

Beginning with fiscal year 2011, the School implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative types of fund balance that is applicable to the School:

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors) through constitutional provisions, or by enabling legislation.
- Unassigned fund balance-amounts that are available for any purpose, positive amounts are reported only in the general fund.

Cash in Bank

Cash in Bank includes deposits held at a financial institution. The School's deposits are fully insured by Federal Depository Insurance Corporation (FDIC) since they are held in FDIC regulated noninterest bearing deposit accounts. Additionally, cash deposits for public funds are collateralized with securities held in Florida's multiple financial institution collateral pools as required by Chapter 280, Florida Statutes.

**NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Continued)**

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventory

Purchased food is valued at last invoice cost which approximates the first-in, first-out basis. The cost of food inventory is recorded as expenditures when used rather than purchased, through the use of the consumption method.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation calculation is based on the straight-line method. Depreciation on all assets is provided over the following estimated useful lives:

5-10 Years	Library Books
3 Years	Software
5-15 Years	Machinery, Equipment, and Vehicles
15 Years	Infrastructure
15 to 40 Years	Improvements

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. Additionally, during the 2012-2013 school year, the School received A+ funds under the Bush/Brogan A+ Plan for Education.

Charter School Capital Outlay Funds are appropriated per Section 1013.62(1), Florida Statutes, for capital outlay purposes. The Commissioner of Education allocates the funds among eligible Charter Schools.

The school implemented a food service program in the 2008-2009 school year. The School receives revenues from sales of food and revenues through the National School Lunch Program.

The School also receives grant revenues, tuition, after-care fees, voluntary pre-kindergarten funding, contributions from the Villages, contributions from other fundraising sources, and other miscellaneous items. There are no allocations of indirect expenses in the statement of activities.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Compensated Absences

The School has a policy to allow for paid days off (PDO) or compensated absences. At the end of the school year, a faculty member may choose to be paid for their unused PDOs (maximum of 10) at the current substitute daily rate. The payment is made at year-end; therefore no compensated absences have been recorded.

Management's Review

The School has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 24, 2013, the date the financial statements were available to be issued.

Budgetary Information

By September 1 of each fiscal year, the School submits an annual budget to the Board of Directors for approval. Annual operating budgets are prepared on the GAAP basis for the General and Special Revenue Fund.

Note 2 - Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental Activities				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 0	\$ 0	\$ 0	\$ 0
Capital Assets Being Depreciated:				
Furniture and Equipment	1,375,224	472,750	(6,850)	1,841,124
Buildings	425,457	0	0	425,457
Library Books	696,522	72,374	0	768,896
Leasehold Improvements	143,983	0	0	143,983
Vehicles	29,922	39,120	0	69,042
Infrastructure	36,533	10,919	0	47,452
Total Capital Assets Being Depreciated	<u>2,707,641</u>	<u>595,163</u>	<u>(6,850)</u>	<u>3,295,954</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(1,213,205)	(54,144)	6,850	(1,260,499)
Buildings	(67,692)	(10,909)	0	(78,601)
Library Books	(687,356)	(8,156)	0	(695,512)
Leasehold Improvements	(19,151)	(4,535)	0	(23,686)
Vehicles	(29,612)	(4,657)	0	(34,269)
Infrastructure	(4,063)	(3,065)	0	(7,128)
(Total Accumulated Depreciation)	<u>(2,021,079)</u>	<u>(85,466)</u>	<u>6,850</u>	<u>(2,099,695)</u>
Total Capital Assets Being Depreciated, Net	<u>686,562</u>	<u>509,697</u>	<u>0</u>	<u>1,196,259</u>
Governmental Activities Capital Assets, Net	<u>\$ 686,562</u>	<u>\$ 509,697</u>	<u>\$ 0</u>	<u>\$ 1,196,259</u>

Depreciation expense for the period was \$85,466, which is all shown as unallocated in the statement of activities.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Continued)

Note 3 - Due to/From Other Fund and Interfund Transfers

The following is a summary of interfund receivables and payables reported in the fund shown as Due to/Due from Other Fund in the financial statements:

<u>Funds</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 70,693	
Special Revenue Fund		\$ 70,693

The Due to/from Other Fund represents the payment of expenditures by one fund for another and are to be repaid.

Interfund transfers represent the Charter School Capital Outlay funds received and transferred to the General Fund for payment of the building operating lease. The transfers during the year ended June 30, 2013, were as follows:

	<u>Transfer In</u>	<u>Transfer (Out)</u>
General Fund	\$ 811,119	
Capital Project Fund		\$ (811,119)

Note 4 - Federal and State Taxes

During 1999, the School was incorporated as a Florida not-for-profit corporation. However, the School may be subject to both state and federal income taxes.

Note 5 - Fund Balance Deficit

As of June 30, 2013, the fund balance in the general fund had a deficit of (\$791,831) and the special revenue fund had a deficit of (\$15,526).

Note 6 - Related Party Transactions

During the year ended June 30, 2013, there were various transactions between the School and related parties. A listing of these transactions is as follows:

- The Villages of Lake Sumter Inc., the incorporator of the School, leases the elementary school buildings to the School. Rent expense paid under this agreement was \$811,119.
- The Holding Company of The Villages made contributions in the amount of \$5,100,000 to the School for operating costs during the year ending June 30, 2013.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Continued)

Note 7 - Operating Leases

Buildings Lease Agreement

The School leases the elementary buildings under a noncancellable operating lease agreement with The Villages of Lake Sumter, Inc. (a related party). The lease agreement has a 60-month term with two automatic 60-month extensions that is structured based upon the receipt of the School's State capital outlay funds provided by the District. Operating lease expenditures was \$811,119 for the year ending June 30, 2013. The future scheduled rent payments based on the current year capital outlay funds are as follows:

Year	Amount
2014	\$ 811,119
2015	811,119
2016	811,119
2017	811,119
2018-2022	3,244,476
Total	\$ 6,488,952

Copier Lease Agreements

The School has lease agreements for two copiers under a noncancellable operating lease. Each lease agreement has a 60-month term. Total lease expense for these agreements was \$13,447 for the year ending June 30, 2013. The future scheduled rent payments are as follows:

Year	Amount
2014	\$ 14,745
2015	14,745
2016	14,745
2017	9,750
2018	1,298
Total	\$ 55,283

Note 8 - Defined Contribution Plan

The School provides a defined contribution plan administered by Wells Fargo. The name of the plan is The Villages Charter School, Inc. Employees Savings Plan, which qualifies as a 401(k) plan under the Internal Revenue Code.

The plan document allows employees to contribute up to 10% of their total salary for the fiscal year. The School is required to match 100% of the first 5% of the employee's contribution. Employees have 100% vesting in the plan for their portion of contributions, but must follow a graduated vesting schedule for the employers matching contributions. Total contributions made by the employer and employee were \$327,814 and \$611,680, respectively.

NOTES TO FINANCIAL STATEMENTS
THE VILLAGES CHARTER SCHOOL, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE SUMTER
COUNTY DISTRICT SCHOOL BOARD) - THE VILLAGES, FLORIDA
(Concluded)

Note 9 - Risk Management Programs

General liability insurance is being provided through purchased commercial insurance. The school provides employee health insurance through a self-insurance program. Claims in excess of \$75,000 per employee are covered by purchased reinsurance. All claims submitted are processed by a third party administrator and are paid directly. Settled claims resulting from these risks have not exceeded commercial coverage in the last three years and there has not been a significant reduction in coverage in fiscal year 2012-13. The following is a summary of claims incurred and paid for the current and prior year:

<u>Year</u>	<u>Claims Payable Beginning of Year</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Claims Payable End of Year</u>
2012	\$ 165,613	\$ 1,310,424	\$ (1,192,338)	\$ 283,699
2013	283,699	1,787,014	(1,541,854)	528,859

Note 10 - Subsequent Events

The operating deficit in the financial statements was funded subsequent to year-end through contributions from The Holding Company of the Villages.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* ISSUED BY
THE COMPTROLLER GENERAL OF THE UNITED STATES AND
CHAPTER 10.850, *RULES OF THE AUDITOR GENERAL***

**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***

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, each major fund, and the aggregate remaining fund information of The Villages Charter School, Inc. (the School) 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 October 24, 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 the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the 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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

**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*
(*Concluded*)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Purvis, Gray and Company, LLP

October 24, 2013
Ocala, Florida

MANAGEMENT LETTER

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

We have audited the financial statements of The Villages Charter School, Inc. (the School), as of and for the year ended June 30, 2013, and have issued our report thereon dated October 24, 2013.

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 Standard*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Additionally, our audit was conducted in accordance with the provisions of 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' report:

- Section 10.854(1)(e)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)2., *Rules of the Auditor General*, requires a statement as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes. 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 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.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
The Villages Charter School, Inc.
The Villages, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that the name or official title of the School be stated (see Note 1 in the audit report).
- Sections 10.854(1)(e)6.a. 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 on representations made by management and the review of financial information provided by same (see Note 10).

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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

October 24, 2013
Ocala, Florida