

**INDEPENDENCE ACADEMY
MIDDLE SCHOOL**
(A CHARTER SCHOOL UNDER
INDEPENDENCE ACADEMY SCHOOLS, INC.)

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

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2015

King & Walker, CPAs, PL

Certified Public Accountants

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INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

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Independent Auditor's Report

To the Board of Directors of the Independence Academy Middle School
(A charter school under Independence Academy Schools, Inc.)
a Charter School and Component Unit of the District
School Board of Hillsborough County, 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 Independence Academy Middle School ("School"), a charter school under Independence Academy Schools, Inc. and component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements 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.

Auditor's 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 *Governmental 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 School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 of the School, as of June 30, 2015, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2015, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Independence Academy Schools, Inc. These financial statements do not purport to and do not present fairly the financial position of Independence Academy Schools, Inc. as of June 30, 2015 and its changes in financial position 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, the Budgetary Comparison Schedule, and Note to Required Supplementary Information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 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 9, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Respectfully submitted,

 King & Walker, CPAs

September 9, 2015
Tampa, Florida

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Independence Academy School ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2015.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements, as listed in the table of contents.

OPERATIONAL HIGHLIGHTS

- On July 14, 2014, Shiloh Charter Schools, Inc., the School's charter-holder, changed its name to Independence Academy Schools, Inc. The School's official name is now Independence Academy Middle School.
- On April 1, 2015 the School moved to a new facility.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2015, the School's expenses exceeded revenues as shown on the School's statement of activities by \$180,185.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$182,288.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates three funds, a General Fund, a Special Revenue Fund, and a Capital Projects Fund. The General Fund is considered to be a major fund. Data from the other governmental funds are combined into a single aggregate presentation.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of the fiscal years ended June 30, 2013 and June 30, 2015:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-14	6-30-15	
ASSETS			
Current and Other Assets	\$ 469,769	\$ 376,523	\$ (93,246)
Capital Assets, net	154,718	51,516	(103,202)
Total Assets	624,487	428,039	(196,448)
LIABILITIES			
Current Liabilities	210,498	194,235	(16,263)
Total Liabilities	210,498	194,235	(16,263)
NET POSITION			
Net Investment in Capital Assets	154,718	51,516	(103,202)
Unrestricted	259,271	182,288	(76,983)
Total Net Position	\$ 413,989	\$ 233,804	\$ (180,185)

Assets consist primarily of cash and the School's investment in capital assets which are currently equipment and leasehold improvements. Liabilities are comprised of payables and accrued salary expense and a Due to Independence Academy Elementary Charter School.

Total net position amounted to \$233,804 as of June 30, 2015 and an Unrestricted net position balance of \$182,288.

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2013 and June 30, 2015, are as follows:

	Operating Results for the Year		
	Governmental Activities		
	6-30-14	6-30-15	Increase (Decrease)
Revenues:			
Federal through State and Local	\$ 23,273	\$ 19,582	\$ (3,691)
State Sources	1,169,474	1,218,148	48,674
Local and Other	78,077	69,215	(8,862)
Total Revenues	<u>1,270,824</u>	<u>1,306,945</u>	<u>36,121</u>
Expenses:			
Instruction	621,605	760,805	139,200
Instructional Media Services	2,759	227	(2,532)
Instr. & Curriculum Development	-	13,253	13,253
Instructional Staff Training Services	3,180	150	(3,030)
Instructional-Related Technology	7,305	11,298	3,993
Board	11,897	13,834	1,937
General Administration	92,516	95,632	3,116
School Administration	114,230	95,761	(18,469)
Facilities Acq. & Construction	90,088	115,128	25,040
Fiscal Services	49,862	50,278	416
Food Services	45,972	31,879	(14,093)
Operation of Plant	87,264	121,084	33,820
Maintenance of Plant	5,836	9,854	4,018
Community Services	-	16,472	16,472
Disposal of Capital Assets	-	132,883	132,883
Unallocated Depreciation	14,861	18,592	3,731
Total Expenses	<u>1,147,375</u>	<u>1,487,130</u>	<u>339,755</u>
Increase/(Decrease) in Net Position	<u>\$ 123,449</u>	<u>\$ (180,185)</u>	<u>\$ (303,634)</u>

The largest revenue source for the School is the State of Florida (93%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

The largest concentrations of expenses were for instruction related functions (53%) and facilities related functions (17%). The School also incurred the expense associated with the write off of leasehold improvements due to their move to a new facility.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$182,288.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2015, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund budget. For the fiscal year ended June 30, 2015, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional reference.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$51,516 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, and leasehold improvements. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Independence Academy Middle School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director, Independence Academy Schools, Inc., 905 W. Terrance Dr., Plant City, FL 33563.

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash & Cash Equivalents	\$ 353,655
Accounts Receivable	104
Due From Other Agencies	5,704
Prepaid Expenses & Deposits	17,060
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	37,016
Leasehold Improvements, Net	14,500
Total Capital Assets, Net	<u>51,516</u>
TOTAL ASSETS	<u><u>428,039</u></u>
<u>LIABILITIES</u>	
Accounts Payable	8,760
Salaries & Wages Payable	72,157
Due to Independence Elementary Charter School	<u>113,318</u>
TOTAL LIABILITIES	<u><u>194,235</u></u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	51,516
Unrestricted	<u>182,288</u>
TOTAL NET POSITION	<u><u>\$ 233,804</u></u>

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

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues			Net (Expenses)	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities	
Governmental Activities:						
Instruction	\$ 760,805	\$ -	\$ -	\$ -	\$ (760,805)	\$ (760,805)
Instructional Media Services	227				(227)	(227)
Instruction and Curriculum Development	13,253				(13,253)	(13,253)
Instructional Staff Training Services	150				(150)	(150)
Instructional-Related Technology	11,298				(11,298)	(11,298)
Board	13,834				(13,834)	(13,834)
General Administration	95,632				(95,632)	(95,632)
School Administration	95,761				(95,761)	(95,761)
Facilities Acquisition & Construction	115,128			63,749	(51,379)	(51,379)
Fiscal Services	50,278				(50,278)	(50,278)
Food Services	31,879	26,525			(5,354)	(5,354)
Operation of Plant	121,084				(121,084)	(121,084)
Maintenance of Plant	9,854				(9,854)	(9,854)
Community Services	16,472				(16,472)	(16,472)
Disposal of Capital Assets	132,883				(132,883)	(132,883)
Unallocated Depreciation	18,592				(18,592)	(18,592)
Total Governmental Activities	\$ 1,487,130	\$ 26,525	\$ -	\$ 63,749	(1,396,856)	(1,396,856)
General Revenues:						
State Sources					1,154,399	1,154,399
Local and Other					62,272	62,272
Total General Revenues					1,216,671	1,216,671
Change in Net Position					(180,185)	(180,185)
Net Position - July 1, 2014					413,989	413,989
Net Position - June 30, 2015					\$ 233,804	\$ 233,804

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

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 353,655	\$ -	\$ 353,655
Accounts Receivable	104		104
Due From Other Agencies		5,704	5,704
Prepaid Expenses & Deposits	17,060		17,060
Due From Other Funds	5,224	76	5,300
Total Assets	<u>\$ 376,043</u>	<u>\$ 5,780</u>	<u>\$ 381,823</u>
LIABILITIES			
Accounts Payable	\$ 8,760	\$ -	\$ 8,760
Salaries and Wages Payable	71,601	556	72,157
Due to Independence Academy Elementary	113,318		113,318
Due to Other Funds	76	5,224	5,300
Total Liabilities	<u>193,755</u>	<u>5,780</u>	<u>199,535</u>
FUND BALANCE			
Nonspendable	17,060		17,060
Unassigned	165,228		165,228
Total Fund Balances	<u>182,288</u>	<u>-</u>	<u>182,288</u>
Total Liabilities and Fund Balances	<u>\$ 376,043</u>	<u>\$ 5,780</u>	<u>\$ 381,823</u>

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

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
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, 2015

Total Fund Balances - Governmental Funds	\$ 182,288
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>51,516</u>
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Total Net Position - Governmental Activities	<u><u>\$ 233,804</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ -	\$ 19,582	\$ 19,582
State	1,154,399	63,749	1,218,148
Local and Other	<u>62,272</u>	<u>6,943</u>	<u>69,215</u>
Total Revenues	<u>1,216,671</u>	<u>90,274</u>	<u>1,306,945</u>
Expenditures			
Current - Education:			
Instruction	760,805		760,805
Instructional Media Services	227		227
Instruction & Curriculum Development	13,253		13,253
Instructional Staff Training Services	150		150
Instructional-Related Technology	11,298		11,298
Board	13,834		13,834
General Administration	95,632		95,632
School Administration	95,761		95,761
Facilities Acquisition & Construction	51,379	63,749	115,128
Fiscal Services	50,278		50,278
Food Services		31,879	31,879
Operation of Plant	121,084		121,084
Maintenance of Plant	9,854		9,854
Community Services	16,472		16,472
Fixed Capital Outlay:			
Facilities Acquisition	11,596		11,596
Other Capital Outlay	<u>36,677</u>		<u>36,677</u>
Total Expenditures	<u>1,288,300</u>	<u>95,628</u>	<u>1,383,928</u>
Excess (Deficiency) of Revenues			
Over/(Under) Expenditures	<u>(71,629)</u>	<u>(5,354)</u>	<u>(76,983)</u>
Other Financing Sources (Uses):			
Transfers In		5,354	5,354
Transfers (Out)	<u>(5,354)</u>		<u>(5,354)</u>
Total Other Financing Sources (Uses)	<u>(5,354)</u>	<u>5,354</u>	<u>-</u>
Net Change in Fund Balances	(76,983)	-	(76,983)
Fund Balances, July 1, 2014	<u>259,271</u>	<u>-</u>	<u>259,271</u>
Fund Balances, June 30, 2015	<u>\$ 182,288</u>	<u>\$ -</u>	<u>\$ 182,288</u>

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

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY SCHOOLS, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Net Change in Fund Balances - Governmental Funds \$ (76,983)

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 of capital outlays (\$48,273) in excess of depreciation expense (\$18,592) in the current period.

29,681

Capital assets are reported in the Statement of Net Position and any activity, such as the disposal of these assets, are reported in the Statement of Activities and not in the governmental funds. This is the amount of capital assets, net of accumulated depreciation, disposed during the period.

(132,883)

Change in Net Position - Governmental Activities \$ (180,185)

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

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY CHARTER SCHOOLS, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Independence Academy Middle School (“School”), a charter school under Independence Academy Schools, Inc., is a component unit of the District School Board of Hillsborough County, Florida. The School’s charter is held by Independence Academy Schools, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of under Independence Academy Schools, Inc. as of June 30, 2015, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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, (“District”). The current charter is effective until June 30, 2019 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY CHARTER SCHOOLS, INC.)
A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2015

➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

All other governmental funds are non-major and are presented in the aggregate.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be

INDEPENDENCE ACADEMY MIDDLE SCHOOL
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available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of 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, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized 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. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits, money market accounts, and short term investments with original maturities of eight months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits must be placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of Net Position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 years
Leasehold Improvements	5 - 10 years

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➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – 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 Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

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- 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.

➤ **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 non-general fund.

➤ **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 Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent 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 the FEFP and the actual weighted full-time equivalent students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

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The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the 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 fiscal year ended June 30, 2015, the School reported 191 unweighted and 191 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida 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).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Income Taxes**

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

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➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles 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 statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. On July 14, 2014, Independence Academy Charter Schools, Inc. changed its name to Independence Academy Schools, Inc. The School's official name is now Independence Academy Middle School. The District School Board of Hillsborough County has renewed the charter contract through 2019.

2. DUE FROM OTHER AGENCIES

The amount due from other agencies on the School's statement of net position and balance sheet – governmental funds consists of amounts due from the District School Board of Hillsborough County for FEFP funding, Charter School Capital Outlay funds, and amounts due from the Florida Department of Agriculture for the National School Lunch Program. This receivable is considered fully collectible and therefore, no allowance for uncollectible accounts has been established.

3. INTERFUND RECEIVABLES/PAYABLES & TRANSFERS

At June 30, 2015, the General Revenue Fund was due \$5,224 from the Capital Projects Fund and School's Special Revenue Fund was due \$76 from the General Revenue Fund for expenditures awaiting reimbursement from other agencies and expenses accrued for the food service program. The amounts of interfund receivables and payables are netted together and not reported in the statement of net position.

The School's General Revenue Fund transferred \$5,354 to the Special Revenue Fund to finance the School's food service program. These amounts are netted together and not reported in the statement of activities.

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4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Being Depreciated				
Furniture, Fixtures and Equipment	\$ 7,757	\$ 36,677	\$ -	\$ 44,434
Leasehold Improvements	185,912	11,596	(180,939)	16,569
Total Capital Assets Being Depreciated	<u>193,669</u>	<u>48,273</u>	<u>(180,939)</u>	<u>61,003</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(2,729)	(4,689)		(7,418)
Leasehold Improvements	(36,222)	(13,903)	48,056	(2,069)
Total Accumulated Depreciation	<u>(38,951)</u>	<u>(18,592)</u>	<u>48,056</u>	<u>(9,487)</u>
Total Capital Assets Being Depreciated, Net	<u>154,718</u>	<u>29,681</u>	<u>(132,883)</u>	<u>51,516</u>
Governmental Activities Capital Assets, Net	<u>\$ 154,718</u>	<u>\$ 29,681</u>	<u>\$ (132,883)</u>	<u>\$ 51,516</u>

All depreciation expense is shown as unallocated on the Statement of Activities.

5. DUE TO INDEPENDENCE ACADEMY ELEMENTARY SCHOOL - RELATED PARTY

The amount reported as due to Independence Academy Elementary School (a charter school under the same charter holder) results from expenditures paid by Independence Academy Elementary School on behalf of the School. Amounts due are expected to be paid within one year.

6. FACILITY LEASES

The School leased its educational facility from Shiloh Baptist Church of Plant City, Florida, Inc. The agreement required the School to pay the Church based on monthly student enrollment during the months of operation. Total payments under lease agreement for the year ending June 30, 2015, were \$59,950. The school moved in April, 2015 to its new facility, however, maintained a presence at this location until June, 2015.

Independence Academy Schools, Inc. entered into a 25 year non-cancelable operating lease for its educational facility beginning April 1, 2015, March 31, 2040. The facility will be used for the operation of Independence Academy Middle School, as well as Independence Academy Elementary School. This lease can be renewed for an additional 10 year period subject to mutual agreement of both parties. The School's portion of rental expenditures under this lease agreement for the fiscal year was \$40,777.

The following is a schedule, by years, of the School's portion of future minimum rental payments required under operating leases that have remaining non-cancelable lease term

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in excess of one year. In the current year it is assumed that 30% of the facility use will be charged to the school in each of the following years:

Fiscal Year Ending June 30:	Amount
2016	\$ 214,769
2017	284,174
2018	318,864
2019	321,654
2020	332,912
2021-2025	1,853,323
2026-2030	2,226,882
2031-2035	2,676,934
2036-2040	3,217,942
Total	<u>\$ 11,447,454</u>

7. SCHEDULE OF REVENUE SOURCES

The following is a schedule of the School's revenue:

Source	Amount
Florida Education Finance Program	\$ 771,119
Class Size Reduction	173,428
Charter School Capital Outlay	63,749
ESE Guaranteed Allocation	55,785
Discretionary Local Effort	46,152
Supplementary Academic Instruction	36,863
Discretionary Millage	26,941
Florida School Recognition	18,357
Instructional Materials	14,838
Reading Programs	3,076
Safe Schools	2,960
Florida Teachers' Lead Program	2,470
Digital Classrooms Allocation	1,765
Discretionary Lottery	645
Total State Revenue	<u>\$ 1,218,148</u>

As provided in the charter school contract, the District has charged the School an administrative fee of \$56,527.

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8. OPERATING AGREEMENT

Shiloh Charter Schools, Inc., now known as Independence Academy Schools, Inc., entered into a contract with Charter School Associates, Inc. (CSA). The contract will terminate at such time as the charter agreement with the School Board of Hillsborough County, Florida is terminated. The contract calls for CSA to provide the School with marketing, curriculum design and implementation; student and staff recruiting; principal selection; and general management of the School's operations, and accounting and bookkeeping services. The annual fee for the fiscal year was 8% of the School's gross operating revenue less the School's administrative fee, plus a portion of grants earned on behalf of the School resulting in CSA's efforts to be paid in monthly installments. Fees paid to CSA during the fiscal year were \$89,384.

9. PENSION PLAN

The School participates in a defined contribution tax sheltered annuity 401(k) plan for its full time employees. Contributions made by the School totaled \$6,823 for the year ended June 30, 2015, which were computed at 2.5% of employee's deferral of wages for each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices. Therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly the present value of the related benefits is not reflected in these financial statements. The School's Board of Directors sets the plan contribution rate annually.

10. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state 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 collectibility of any related receivables at June 30, 2015, may be impaired.

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

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12. FUNDING AND CREDIT RISK CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

13. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

INDEPENDENCE ACADEMY MIDDLE SCHOOL
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A CHARTER SCHOOL AND COMPONENT UNIT OF THE
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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)
For the Fiscal Year Ended June 30, 2015

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
Federal Through State and Local	\$ 1,436	\$ -	\$ -	\$ -
State	1,178,637	1,154,399	1,154,399	-
Local and Other	46,799	62,272	62,272	-
Total Revenues	<u>1,226,872</u>	<u>1,216,671</u>	<u>1,216,671</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	690,662	760,805	760,805	-
Instructional Media Services	2,169	227	227	-
Instruction and Curriculum Development	6,590	13,253	13,253	-
Instructional Staff Training Services	2,777	150	150	-
Instructional-Related Technology	11,099	11,298	11,298	-
Board	16,828	13,834	13,834	-
General Administration	100,110	95,632	95,632	-
School Administration	101,253	95,761	95,761	-
Facilities Acquisition and Construction		51,379	51,379	-
Fiscal Services	50,257	50,278	50,278	-
Operation of Plant	80,315	121,084	121,084	-
Maintenance of Plant	10,789	9,854	9,854	-
Community Services		16,472	16,472	-
Fixed Capital Outlay:				
Facilities Acquisition		11,596	11,596	-
Other Capital Outlay		36,677	36,677	-
Total Expenditures	<u>1,072,849</u>	<u>1,288,300</u>	<u>1,288,300</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	<u>154,023</u>	<u>(71,629)</u>	<u>(71,629)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers In		-	-	
Transfers (Out)	(20,785)	(5,354)	(5,354)	
Total Other Financing Sources (Uses)	<u>(20,785)</u>	<u>(5,354)</u>	<u>(5,354)</u>	<u>-</u>
Net Change in Fund Balances	133,238	(76,983)	(76,983)	-
Fund Balances, July 1, 2014	259,271	259,271	259,271	-
Fund Balances, June 30, 2015	<u>\$ 392,509</u>	<u>\$ 182,288</u>	<u>\$ 182,288</u>	<u>\$ -</u>

See Independent Auditor's Report.

INDEPENDENCE ACADEMY MIDDLE SCHOOL
(A CHARTER SCHOOL UNDER INDEPENDENCE ACADEMY CHARTER SCHOOLS, INC.)
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NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

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

To the Board of Directors of the Independence Academy Middle School
(A charter school under Independence Academy Charter Schools, Inc.),
a Charter School and Component Unit of the District
School Board of Hillsborough County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independence Academy Middle School ("School"), a charter school under Independence Academy Charter Schools, Inc. and component unit of the District School Board of Hillsborough County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 9, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

September 9, 2015
Tampa, Florida

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

To the Board of Directors of the Independence Academy Middle School
(A charter school under Independence Academy Charter Schools, Inc.),
a Charter School and Component Unit of the District
School Board of Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of the Independence Academy Middle School, a charter school under Independence Academy Charter Schools, Inc. ("School"), a Charter School and Component Unit of the District School Board of Hillsborough County, Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 9, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 9, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Independence Academy Middle School, a charter school under Independence Academy Charter Schools, Inc.

Financial Condition

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

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

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 9, 2015
Tampa, Florida