

***CONNECTIONS EDUCATION CENTER OF
THE PALM BEACHES, INC.***

***BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION***

Year Ended June 30, 2019

Connections Education Center of the Palm Beaches, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Connections Education Center of the Palm Beaches, Inc.
West Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Connections Education Center of the Palm Beaches, Inc. ("the Center"), a charter school, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprises Connections Education Center of the Palm Beaches, Inc.'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 *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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Center, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 7 and 23 – 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2019, on our consideration of the Center'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 Center's internal control over financial reporting and compliance.



Hollywood, FL
September 26, 2019

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Our discussion and analysis of the Connections Education Center of the Palm Beaches, Inc.'s ("Center") financial program provides an overview of the Center's financial activities for the year ended June 30, 2019.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Center's financial statements which begin on page 8.

For financial statement purposes for the year ended June 30, 2019, the Center is not considered a component unit of the Palm Beach County District School Board, Florida, which is a primary government entity for financial reporting. The Center has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of the Center by providing information on inflows and outflows of spendable resources, while the Statement of Net Position and the Statement of Activities provide information on the activities of the Center.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Center's financial position. Included in these statements are all assets and liabilities using the accrual method of accounting. All of the current year's revenues and expenses are recorded when received.

The Statement of Net Position presents information on all of the Center's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Activities presents information showing how the governmental net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund 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.

Governmental Funds - All of the Center's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's governmental activities and the basic services it provides.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Center's financial position. The Center's assets exceeded liabilities by \$210,181 and \$88,534 at June 30, 2019 and June 30, 2018, respectively.

NET POSITION			
	2019	2018	Variance
Curent Assets	\$ 294,488	\$ 137,644	\$ 156,844
Capital Assets	48,432	67,360	(18,928)
Total Assets	<u>\$ 342,920</u>	<u>\$ 205,004</u>	<u>\$ 137,916</u>
Current Liabilities	132,739	116,470	16,269
Total Liabilities	\$ 132,739	\$ 116,470	\$ 16,269
Net Position			
Investments in Capital Assets	\$ 48,432	\$ 67,360	\$ (18,928)
Unrestricted	161,749	21,174	140,575
Restricted	-	-	-
Total Net Position	<u>210,181</u>	<u>88,534</u>	<u>121,647</u>
Total Liabilities and Net Position	<u>\$ 342,920</u>	<u>\$ 205,004</u>	<u>\$ 137,916</u>

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

<u>Revenue Sources</u>	<u>2019</u>	<u>2018</u>	<u>Variance</u>
State passed through local school	\$ 1,742,893	\$ 1,411,354	331,539
Federal passed through local schools	178,320	370,766	(192,446)
Interest income	-	8	(8)
Other revenue	<u>752,695</u>	<u>655,931</u>	<u>96,764</u>
Total	<u>\$ 2,673,908</u>	<u>\$ 2,438,059</u>	<u>\$ 235,849</u>

Revenues for governmental activities totaled \$2,673,908 and \$2,438,059 for the years ended June 30, 2019 and 2018, respectively. The main sources of revenue were from the Florida Education Finance Program ("FEFP") and private donations and grants. These revenues represented approximately 63% and 19%, respectively, of total revenue for the year ended June 30, 2019. Other revenue increased as a result of the Center receiving a \$50,000 grant and some additional fundraising efforts during the current year.

Expenses for major functions of the Center are shown in the following table:

	<u>2019</u>	<u>2018</u>	<u>Variances</u>
Instruction	\$ 1,232,823	\$ 1,153,361	\$ 79,462
Instructional related technology	69,567	48,196	21,371
Board expenses	16,442	46,932	(30,490)
General administration	21,702	17,697	4,005
School administration	206,443	224,477	(18,034)
Facilities acquisitions & construction	219,998	187,103	32,895
Fiscal services	63,816	50,800	13,016
Central services	-	3,816	(3,816)
Pupil transportation services	44,028	43,975	53
Pupil personnel services	375,018	300,365	74,653
Operation of plant	104,266	80,132	24,134
Maintenance of plant	6,202	-	6,202
Community activities	191,956	119,104	72,852
Debt service	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 2,552,261</u>	<u>\$ 2,275,958</u>	<u>\$ 276,303</u>

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The largest increases occurred in the instruction, pupil personnel services and community activities functions as a result of an increase in student count that led to an increase in instruction costs and outside consultants. Community services expenses increased due to fundraising expenses in 2019 totaling approximately \$86,000.

FUND FINANCIAL ANALYSIS

Key highlights for the fiscal years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Revenue	\$ 2,673,908	\$ 2,438,059	\$ 235,849
Other financing sources, net of debt costs	-	(31,000)	31,000
Expenditures	<u>(2,533,333)</u>	<u>(2,273,009)</u>	<u>(260,324)</u>
Change in fund balance	140,575	134,050	6,525
Fund balance, beginning of year	<u>21,174</u>	<u>(112,876)</u>	<u>134,050</u>
Fund balance, end of year	\$ <u><u>161,749</u></u>	\$ <u><u>21,174</u></u>	\$ <u><u>140,575</u></u>

CURRENT YEAR VS PRIOR YEAR RESULTS

2018-2019 was the third year that the Center enrolled students as a charter school. Total revenue was \$2,673,908 and \$2,438,059 for the years ended June 30, 2019 and 2018, respectively. The increase in revenue was the result of the Center receiving additional FEFP funding for an increased student count. Total expenses were \$2,533,333 and \$2,273,009 for the years ended June 30, 2019 and 2018, respectively. The increase in expenses is primarily attributable to an increase in instruction salaries and support staff to handle the student count increase and increase in rent expense of approximately \$33,000 compared to prior year.

BUDGETARY HIGHLIGHTS – GENERAL FUND

Actual revenue was equal to the budgeted revenue. Expenses were approximately \$21,000 more than the amount budgeted as the Center adjusted its year end payroll accrual after they made adjustments to the final budget numbers.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

PROSPECTS FOR THE FUTURE

The Center continues to search for private donors as a means to generate additional revenues to support operations. In addition, the Center plans on hosting a large fundraising event in early 2020 that is anticipated to net the Center approximately \$100,000 in donations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Connections Education Center of the Palm Beaches, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Connections Education Center of the Palm Beaches, Inc., 1310 Old Congress Ave., Suite 100, West Palm Beach, FL 33409.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 123,533
Accounts receivable, net	9,098
Due from related party	160,977
Prepaid expenses	880
Total current assets	<u>294,488</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	<u>48,432</u>
Total capital assets	<u>48,432</u>
Total assets	<u><u>\$ 342,920</u></u>
LIABILITES AND NET POSITION	
LIABILITES	
Accounts payable	\$ 8,262
Accrued salaries and payroll deductions	<u>124,477</u>
Total liabilities	<u>132,739</u>
NET POSITION	
Investment in capital assets, net of related debt	48,432
Unrestricted	<u>161,749</u>
Total net position	<u>210,181</u>
Total liabilities and net position	<u><u>\$ 342,920</u></u>

The accompanying notes are an integral part of these basic financial statements.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Basic instruction	\$ 1,232,823	\$ -	\$ 104,583	\$ -	\$ (1,128,240)
Pupil personnel services	375,018	-	73,737	-	(301,281)
Instructional media services	-	-	-	-	-
Instructional staff training	-	-	-	-	-
Instructional related technology	69,567	-	-	-	(69,567)
Board	16,442	-	-	-	(16,442)
General administration	21,702	-	-	-	(21,702)
School administration	206,443	-	-	-	(206,443)
Facilities acquisition and construction	219,998	-	-	38,974	(181,024)
Fiscal services	63,816	-	-	-	(63,816)
Central services	-	-	-	-	-
Pupil transportation services	44,028	-	-	-	(44,028)
Operation of plant	104,266	-	-	-	(104,266)
Maintenance of plant	6,202	-	-	-	(6,202)
Community activities	191,956	75,512	-	-	(116,444)
Debt service interest	-	-	-	-	-
Total governmental activities	<u>\$ 2,552,261</u>	<u>\$ 75,512</u>	<u>\$ 178,320</u>	<u>\$ 38,974</u>	<u>(2,259,455)</u>

General Revenues

Grants and contributions not restricted to specific programs	-
State revenues	1,703,919
Investment earnings	-
Miscellaneous	677,183
Total General Revenues	<u>2,381,102</u>
Change in net position	121,647
Net position, July 1, 2018	88,534
Net position, June 30, 2019	<u>\$ 210,181</u>

The accompanying notes are an integral part of these basic financial statements.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 123,533	\$ -	\$ -	\$ 123,533
Accounts receivable	9,098	-	-	9,098
Due from related party	160,977	-	-	160,977
Prepaid expenses	880	-	-	880
Total Assets	<u>\$ 294,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,488</u>
LIABILITIES				
Accounts payable	\$ 8,262	\$ -	\$ -	\$ 8,262
Accrued salaries and payroll deductions	124,477	-	-	124,477
Due to funds	-	-	-	-
Total Liabilities	<u>132,739</u>	<u>-</u>	<u>-</u>	<u>132,739</u>
FUND BALANCES				
Nonspendable	880	-	-	880
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	160,869	-	-	160,869
Total Fund Balances	<u>161,749</u>	<u>-</u>	<u>-</u>	<u>161,749</u>
 Total Liabilities and Fund Balances	 <u>\$ 294,488</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 294,488</u>

The accompanying notes are an integral part of these basic financial statements.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund Balance - Governmental Funds	\$ 161,749
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$ 97,227	
Less accumulated depreciation	<u>(48,795)</u>	
		48,432

Debt proceeds are reported as financing sources in the general fund and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases current liabilities and does not affect the Statement of Activities.

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Net Position of Governmental Activites	\$ <u><u>210,181</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES				
Federal passed through local school district	\$ -	\$ 178,320	\$ -	\$ 178,320
State passed through local school district	1,703,919	-	38,974	1,742,893
Other revenue	752,695	-	-	752,695
Investment earnings	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	2,456,614	178,320	38,974	2,673,908
EXPENDITURES/EXPENSES				
Basic instruction	1,119,980	104,583	-	1,224,563
Pupil personnel services	301,281	73,737	-	375,018
Instructional related technology	69,567	-	-	69,567
Board	16,442	-	-	16,442
General administration	21,702	-	-	21,702
School administration	204,054	-	-	204,054
Facilities acquisition and construction	181,024	-	38,974	219,998
Fiscal services	63,816	-	-	63,816
Central services	-	-	-	-
Pupil transportation services	35,749	-	-	35,749
Operation of plant	104,266	-	-	104,266
Maintenance of plant	6,202	-	-	6,202
Community activities	191,956	-	-	191,956
Total expenses	<u>2,316,039</u>	<u>178,320</u>	<u>38,974</u>	<u>2,533,333</u>
Revenues over Expenses	140,575	-	-	140,575
Net change in fund balance	140,575	-	-	140,575
Fund balances, July 1, 2018	<u>21,174</u>	<u>-</u>	<u>-</u>	<u>21,174</u>
Fund balances, June 30, 2019	<u>\$ 161,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,749</u>

The accompanying notes are an integral part of these basic financial statements.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019

Net Change in fund balances - governmental funds	\$	140,575
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$	-	
Less current year depreciation		(18,928)	(18,928)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

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Change in Net Position of Governmental Activities	\$	121,647
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The accompanying notes are an integral part of these basic financial statements.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Connections Education Center of the Palm Beaches, Inc. (the "Center") operates as a Charter School pursuant to a Charter School Contract ("the Contract") with the Palm Beach County District School Board, Florida ("the District"). Under the Contract, the Center provides an education to children with Autism Spectrum Disorder grades K-8 who reside in Palm Beach County. The Center was initially formed as a non-profit private school and received a tax exempt designation effective April 20, 2015. The governing body of the Center is the Board of Directors, which is composed of six members.

The Center is a non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The general operating authority of the Center is contained in Section 1002.33, Florida Statutes. The current charter shall be for a term of 5 school years commencing with the 2016 - 2017 school year. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the Center 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.

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

As a result of implementing GASB 61, *The Financial Reporting Entity: Omnibus*, which is effective for fiscal years beginning after June 15, 2012, the District and its auditors are of the opinion that the Center is no longer to be treated as a component unit for financial reporting purposes. There is no change in the relationship with the District or the District's oversight or monitoring responsibilities.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the Center. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Center does not engage in any business type activities.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

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2. Government-wide and fund financial statements

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CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets; restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the Center has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of the Center's highest level of decision-making authority. Commitments may be changed or lifted only by the Center taking the same formal action that imposed the constraint originally.
- Assigned fund balance - comprises amounts intended to be used by the Center for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

Separate fund financial statements report detailed information about the Center's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of the Center's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government - wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. 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 recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

The Center's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Center reports the following major governmental funds:

General Fund — the general operating fund of the Center. It is used to account for all financial resources not required to be accounted for in another fund.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - to account for the proceeds Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

The Center has a revenue spending policy that provides policy for programs with multiple revenue sources. The board of directors will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The board of directors has the authority to deviate from this policy if it is in the best interest of the Center.

4. Budgetary basis of accounting

The Center's annual budgets are adopted for the entire operations of the Center and may be amended by the Board of Directors (the "Board"). Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

5. Cash

Cash is made up of cash on hand at the Center and/or checking and a money market account held at two financial institutions. The Center has no cash equivalents.

6. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the Center as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2019, the Center recorded net capital assets of \$48,432.

Property, plant and equipment of the Center is depreciated using the straight-line method over the following estimated useful lives:

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5 - 10
School bus	5

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Center pursuant to the funding provisions included in the Center's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Center 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 (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for the Center is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the Center during designated FTE student survey periods.

The Center receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

8. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

9. Income taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center's federal income tax returns for 2017-2019 remain subject to examination by major tax jurisdictions.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - CONCENTRATIONS

1. Revenue sources

As stated in Note A-7, the Center receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
Federal grants through local district	\$ 178,320
State funding through local district	1,742,893
Aftercare and other revenue	<u>752,695</u>
	<u>\$2,673,908</u>

2. Cash

Under Chapter 280, Florida Statutes, the Center's deposits must be placed in banks and savings and loans which are qualified as public depositories. The Center maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2019, there were no uninsured bank deposit balances.

NOTE C – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance at June 30, 2018	Additions	Adjustments and Deletions	Balance at June 30, 2019
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 55,832	\$ -	\$ -	\$ 55,832
Buses	<u>41,395</u>	<u>-</u>	<u>-</u>	<u>41,395</u>
Total assets depreciated	<u>\$ 97,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,227</u>
Less Accumulated depreciation				
Furniture, fixtures and equipment	\$ 14,534	10,648	\$ -	\$ 25,182
Buses	<u>15,333</u>	<u>8,280</u>	<u>-</u>	<u>23,613</u>
Total assets depreciated	<u>\$ 29,867</u>	<u>\$ 18,928</u>	<u>\$ -</u>	<u>\$ 48,795</u>
Total governmental activities				
Capital assets, net				<u>\$ 48,432</u>

Depreciation expense of \$18,928 was charged to the basic instruction (\$8,259), school administration (\$2,389) and transportation services (\$8,280) functions for the year ended June 30, 2019.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consists of capital outlay receivable as well as miscellaneous amounts due from the aftercare program. Management is of the opinion that the balance is fully collectible at June 30, 2019 and has not established an allowance for bad debts.

NOTE E - COMMITMENTS AND CONTINGENCIES

The Center leased property during the year for its administrative and classroom space under a non-cancelable operating lease and entered into a new lease for additional space during the fiscal year June 30, 2019 that takes effect in July 2019. The Center also had leases on copier machines during the current year. Rental expenses for the year ended June 30, 2019 were approximately \$230,000.

Future minimum lease payments required under the lease are approximately as follows:

June 30:

2020	\$	337,988
2021		13,818
2022		2,277
2023		-
2024		-
		-
Total	\$	<u>238,295</u>

NOTE F – DEFINED CONTRIBUTION PLAN

The Center offers a defined contribution plan named Connections Education Center of the Palm Beaches 403(b) Plan. To be eligible to participate in the plan, participants must be at least 18 years old. Participants, can elect to contribute up to 100% of their salary, subject to annual IRS limitations. The plan document states that the Center will not make any contributions to the plan. Therefore, for the year ended June 30, 2019, the Center made no contribution to the plan.

NOTE G – DUE FROM RELATED PARTY

During the year ended June 30, 2019, the Center shared certain employee and rent expenses with a high school located at the same facility. The allocation of shared costs was based on student count in both schools which resulted in 75% of the shared costs being allocated to the Center. These are considered arms-length transactions and at June 30, 2019, the related party owed the Center \$160,977. Management has determined this amount to be 100% collectible.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - RISK MANAGEMENT

The Center is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Center purchases commercial insurance for all material risks of loss to which the Center is exposed, including general liability, property and workers compensation.

The Center did not have any settlements that exceeded insurance coverage for the years ended June 30, 2018 – 2019.

NOTE I – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through September 26, 2019, which is the date the financial statements became available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Federal passed through local school district	\$ -	\$ -	\$ -	\$ -
State passed through local school district	1,683,387	1,703,919	1,703,919	-
Other revenue	<u>690,050</u>	<u>752,696</u>	<u>752,695</u>	<u>(1)</u>
Total revenues	2,373,437	2,456,615	2,456,614	(1)
Expenses				
Basic instruction	1,017,455	1,099,123	1,119,980	20,857
Pupil personnel services	397,997	301,281	301,281	-
Instructional related technology	91,899	69,567	69,567	-
Board	20,500	16,442	16,442	-
General administration	17,820	21,702	21,702	-
School administration	208,485	204,054	204,054	-
Facilities acquisition and construction	236,574	181,025	181,024	(1)
Fiscal services	53,552	63,816	63,816	-
Central services	-	-	-	-
Pupil transportation services	32,601	35,749	35,749	-
Operation of plant	87,945	104,266	104,266	-
Maintenance of plant	-	6,202	6,202	-
Community activities	130,927	191,957	191,956	(1)
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,295,755</u>	<u>2,295,184</u>	<u>2,316,039</u>	<u>20,855</u>
Revenues over expenditures	<u>77,682</u>	<u>161,431</u>	<u>140,575</u>	<u>(20,856)</u>
Net change in fund balance	77,682	161,431	140,575	(20,856)
Fund balance, July 1, 2018	<u>21,174</u>	<u>21,174</u>	<u>21,174</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ 98,856</u>	<u>\$ 182,605</u>	<u>\$ 161,749</u>	<u>\$ (20,856)</u>

The accompanying notes are an integral part of these basic financial statements.

CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Federal passed through local school district	\$ 189,949	\$ 178,320	\$ 178,320	\$ -
State passed through local school district	-	-	-	-
Other revenue	-	-	-	-
	<u>189,949</u>	<u>178,320</u>	<u>178,320</u>	<u>-</u>
Expenses				
Basic instruction	129,862	104,583	104,583	-
Pupil personnel services	60,087	73,737	73,737	-
Instructional related technology	-	-	-	-
Board	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Fiscal services	-	-	-	-
Central services	-	-	-	-
Pupil transportation services	-	-	-	-
Operation of plant	-	-	-	-
Community activities	-	-	-	-
	<u>189,949</u>	<u>178,320</u>	<u>178,320</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these basic financial statements.



Members of:

- American Institute of CPAs
 - Center for Audit Quality
 - Employee Benefit Plan Audit Quality Center
 - Government Audit Quality Center
 - Private Companies Practice Section
 - Tax Division
- Florida Institute of CPAs

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**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**

To the Board Members of
Connections Education Center of the Palm Beaches, Inc.
West Palm Beach, 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 Connections Education Center of the Palm Beaches, Inc., (the "Center", a nonprofit organization), a charter school, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Connections Education Center of the Palm Beaches, Inc.'s basic financial statements and have issued our report thereon dated September 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

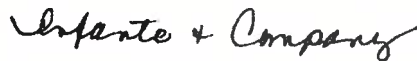
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during 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 Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 26, 2019
Hollywood, Florida



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- American Institute of CPAs
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 - Employee Benefit Plan Audit Quality Center
 - Government Audit Quality Center
 - Private Companies Practice Section
 - Tax Division
- Florida Institute of CPAs

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

To the Board of Directors of
Connections Education Center of the Palm Beaches, Inc.
West Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Connections Education Center of the Palm Beaches, Inc., Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 26, 2019.

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 Reporting Requirements

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 that report, which is dated September 26, 2019, 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. Corrective actions have been taken to address the finding and recommendation made in the preceding annual financial audit report

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Connections Education Center of the Palm Beaches, Inc. and 504100.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Connections Education Center of the Palm Beaches, Inc. 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 Connections Education Center of the Palm Beaches, Inc. 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 Connections Education Center of the Palm Beaches, Inc. It is management's responsibility to monitor the Connections Education Center of the Palm Beaches, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Transparency

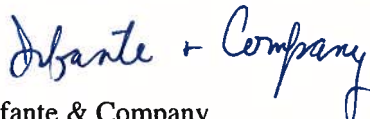
Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Connections Education Center of the Palm Beaches, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Connections Education Center of the Palm Beaches, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 Palm Beach County School District and is not intended to be and should not be used by anyone other than these specified parties.



Infante & Company
September 26, 2019

September 26, 2019

Infante & Company
1930 Harrison Street – Suite 308
Hollywood, Florida 33020

This representation letter is provided in connection with your audit of the financial statements of Connections Education Center of the Palm Beaches, Inc. ("Center"), which comprise the respective net financial position of the governmental activities and each major fund as of June 30, 2019 and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors

We confirm, to the best of our knowledge and belief, as of September 26, 2019, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 13, 2019, including our responsibility for the preparation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

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3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. We have recorded all proposed journal entries.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Material concentrations have been appropriately disclosed in accordance with US GAAP.
11. Guarantees, whether written or oral, under which we are contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.

- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of entity or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
19. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
20. We had a dispute with Renaissance Learning Academy regarding an amount owed related to a furniture purchase in 2017. The total amount in dispute was \$18,315 and in October 2018, we settled with them and paid \$9,200. None of the items individually exceeded \$1,000, and therefore, we did not capitalize this amount in our statement of net position.

21. We participate in a cost sharing agreement with Connections High School & Vocational Center, Inc. where certain shared employee wages and benefits and rent are allocated between the schools. We recorded a receivable due from Connections High School & Vocational Center, Inc., a related party, for \$160,977 at June 30, 2019. We believe this amount is fully collectible and will be repaid in full by June 30, 2020. Through discussions with our major donor, we confirm that if Connections High School & Vocational Center, Inc. cannot repay the amount owed by June 30, 2020, then she will fund the remaining balance.

Government – specific


22. We have made available to you all financial records and related data.
23. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
25. The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
26. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
29. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have

reviewed, approved, and accepted responsibility for those financial statements and related notes.

30. The Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
31. The Center has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
32. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
33. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
34. The financial statements properly classify all funds and activities.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
37. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
38. Provisions for uncollectible receivables have been properly identified and recorded.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
41. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
42. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
44. We have appropriately disclosed the Center's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
45. The Center is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Center's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
46. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
47. With respect to Management's Discussion & Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds and Special Revenue Funds:
 - a. We acknowledge our responsibility for presenting Management's Discussion & Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Special Revenue Fund in accordance with accounting principles generally accepted in the United States of America, and we believe Management's Discussion & Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Special Revenue Fund, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Special Revenue Fund have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.


To the best of our knowledge and belief, no events have occurred subsequent to the net assets date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Debra Johnson, Executive Director & Principal



Jason Portman, Director of Operations



Sonia F. Kay, President & Board Chair