

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SKY Academy Charter School,
A Division of SKY Family YMCA, Inc.
Venice, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of SKY Academy Charter School (the School), a division of SKY Family YMCA, Inc. (the YMCA) which comprise the special-purpose statement of financial position as of June 30, 2015, and the special purpose statement of activities, and cash flows for the year then ended and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose 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 special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose financial statements.

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of SKY Academy Charter School, a division of SKY Family YMCA, Inc., as of June 30, 2015 and the respective changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying special-purpose financial statements were prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida, Chapter 10.855, as described in Note I and are not intended to be a complete presentation of the assets, liabilities, net assets, revenues and expenses of SKY Family YMCA, Inc.

Accounting principles generally accepted in the United States of America require that the additional information required by rules of the Auditor General, Chapter 10.850, and Audits of Charter Schools and Similar Entities on page 13 be presented to supplement the basic special-purpose financial statements. Such information, although not a part of the basic financial statements, is required by the Rules of the Auditor General who considers it to be an essential part of financial reporting for placing the basic special-purpose 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 special-purpose financial statements, and other knowledge we obtained during our audit of the basic special-purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 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.



Sarasota, Florida
October 12, 2015

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

SPECIAL-PURPOSE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

<u>Assets</u>	
Current assets	
Cash	\$ 275,919
Accounts receivable	30,708
Prepaid assets	975
Total current assets	<u>307,602</u>
Property and equipment, net	<u>419,158</u>
Total Assets	\$ <u><u>726,760</u></u>
<u>Liabilities and Net Assets</u>	
Current liabilities	
Accounts payable and accrued expenses	\$ 84,784
Deferred revenue	2,962
Due to related party	135,354
Total current liabilities	<u>223,100</u>
Net Assets	
Unrestricted	<u>503,660</u>
Total Liabilities and Net Assets	\$ <u><u>726,760</u></u>

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

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

SPECIAL-PURPOSE FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Federal grants and revenue	\$ 167,922	\$	\$ 167,922
State revenue	1,781,622	255,430	2,037,052
Local revenue	752,894	39,922	792,816
Net assets released from restrictions	295,352	(295,352)	-
Total Support and Revenues	<u>2,997,790</u>	<u>-</u>	<u>2,997,790</u>
Expenses			
Salaries	1,370,454		1,370,454
Supplies	338,387		338,387
Rent	203,113		203,113
Management fee	323,340		323,340
Health, dental and retirement benefits	284,891		284,891
Payroll taxes and benefits	102,635		102,635
Consulting and management services	56,500		56,500
Depreciation	70,792		70,792
Vehicle expense	67,661		67,661
Fundraising expense	25,682		25,682
Repairs and maintenance	20,200		20,200
Telephone and utilities	11,433		11,433
Insurance	15,762		15,762
Professional development	7,623		7,623
Dues and subscriptions	5,837		5,837
Bank fees	544		544
Advertising and marketing	10,163		10,163
Loss on disposal of asset	8,486		8,486
Miscellaneous	2,008		2,008
Total Expenses	<u>2,925,511</u>	<u>-</u>	<u>2,925,511</u>
Change in net assets	72,279	-	72,279
Net assets, beginning of year	<u>431,381</u>	<u>-</u>	<u>431,381</u>
Net assets, end of year	\$ <u><u>503,660</u></u>	\$ <u><u>-</u></u>	\$ <u><u>503,660</u></u>

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

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

SPECIAL-PURPOSE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Change in net assets	\$ <u>72,279</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	70,792
Disposal of property and equipment	8,486
(Increase) decrease in operating assets:	
Accounts receivable	902
Prepaid expenses	(975)
Increase in operating liabilities:	
Accounts payable and accrued expenses	(9,677)
Deferred revenue	(1,930)
Total Adjustments	<u>67,598</u>
Net cash provided by operating activities	<u>139,877</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(201,494)</u>
Net cash used in investing activities	<u>(201,494)</u>
Cash Flows from Financing Activities	
Amounts provided by related party	<u>106,698</u>
Net cash provided by financing activities	<u>106,698</u>
Net increase in cash	45,081
Cash, beginning of year	230,838
Cash, end of year	\$ <u><u>275,919</u></u>

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

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies

Organization

SKY Academy Charter School (the School) is a division of SKY Family YMCA, Inc. (the YMCA), a Florida not-for-profit organization, located in Venice, Florida. In April, 2014, the YMCA officially changed its name from the South County Family YMCA, Inc. to SKY Family YMCA. The school was organized under Section 1002.33, Florida Statutes, as a public charter middle school to promote pre-adolescent student achievement through a rigorous infusion of wellness and fitness strategies built into the curriculum and to enable students to live a healthy and productive life.

The YMCA opened the School in 2011. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter approved by its sponsor, the School Board of Sarasota County, Florida (the School Board). The School's charter was approved by the School Board on July 1, 2011, and is effective until June 30, 2016. The charter may be renewed as provided for in Section 1002.33, Florida Statutes. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the Charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

The governing body of the School is its Board of Directors, which is composed of 5 members. The executive director of the YMCA is the executive officer of the School. The school reported, on average, an enrollment of 313 students for the fiscal year ended June 30, 2015.

Enrollment and Grade Configuration for the 2014-2015 school year is as follows:

School Name and Address	Grades	Enrollment	Principal
SKY Academy Charter School	6 th	120	Steve Smith
705 Center Road	7 th	89	
Venice, FL 34285	8 th	96	

Basis of Presentation

The financial statement presentation follows guidance for non-profit organizations as set forth by the Financial Accounting Standards Board's Accounting Standards Codification. The special-purpose financial statements present the statement of financial position, activities, and cash flows of the SKY Academy Charter School only and do not include the assets, liabilities, net assets, activities, and cash flows of SKY Family YMCA, Inc.

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Support and revenue are recognized when earned or unconditionally received, and expenses are recognized when incurred.

Changes in net assets of the School as a result of support, revenue, expenses, gains and losses are classified based on the existence of any donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted - Unrestricted net assets consist of resources available for various programs and administration of the School which are not subject to donor-imposed restrictions.

Temporarily restricted - Temporarily restricted net assets consist of net assets subject to donor-imposed restrictions. Donor restrictions expire when a stipulated time restriction ends or the purpose of the restriction is accomplished. The School does not imply a time restriction on gifts of long-lived assets.

Permanently restricted - Permanently restricted net assets consist of net assets subject to donor-imposed restrictions which require the School to hold the assets in perpetuity. Income from the assets held is available for either general operations or specific purposes. There are no permanently restricted net assets as of June 30, 2015.

Expenses are reported as decreases in unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents may consist of demand deposits and highly liquid investments with original maturities of three months or less when purchased. As of June 30, 2015, the School's cash and cash equivalents were comprised exclusively of demand deposit accounts.

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Support and Revenues

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment consists of furniture, fixtures, and equipment, and is recorded at cost or the estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life is not capitalized. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Office Equipment and Computers	5 years
Furniture and Machinery	7 years
Building and Leasehold Improvements	Remaining life of lease term including option renewals

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board, which in turn reports this information to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted monthly to reflect the revised calculations by the FDOE under the FEFP based upon the actual weighted FTE students reported by the School during the designated student survey periods.

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Sources (Continued)

The basic amount of funding through FEFP is the product of (1) the unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by legislature. FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General. Schools are required to maintain the following documentation for three years or until the completion of a FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Documentation for instruction teaching out-of-field (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documentation for weighted programs (Sections 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

The School receives federal and state awards for capital outlay expenditures and enhancements for various educational programs. The grant awards are based on applications submitted to and approved by the State of Florida or federal agencies. For awards in which a claim to grant proceeds is based upon incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. When grants have been awarded and eligible expenditures have not yet been incurred, the revenue is recorded as temporarily restricted until eligible expenditures have been made, at which time it is reported in the statement of activities as "net assets released from restrictions."

Functional Expenses

Since all expenses are incurred in connection with School operations, a statement of functional expenses is not presented.

Income Taxes

The School is not a separate entity for tax purposes. The School is a division of the YMCA, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in these financial statements.

Under FASB Accounting Standards Codification topic *Income Taxes*, the School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School or the YMCA.

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the amounts reported and disclosed in the financial statements. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated all events subsequent to the statement of financial position date of June 30, 2015 through the date these financial statements were available for issuance, October 12, 2015, and has determined that except for the following, there are no subsequent events that require disclosure under FASB Accounting Standards Codification.

Note 2 - Property and Equipment

Property and equipment was comprised of the following as of June 30, 2015:

Furniture and machinery	\$ 282,222
Office equipment and computers	146,423
Leasehold improvements	111,038
Automobiles	53,691
	<hr/> 593,374
Less: Accumulated depreciation and amortization	174,216
	<hr/> \$ 419,158

Depreciation expense was \$70,792 for the year ended June 30, 2015.

Note 3 - Related Party Transactions

As described in Note 1, the School is a division of the YMCA. From time to time, there may be amounts due to the YMCA, which represent amounts advanced by the YMCA on behalf of the School for operating costs in excess of amounts repaid by the School. The YMCA pays for the payroll and related payroll liabilities (taxes, insurance, retirement, etc.) on behalf of the School and the School reimburses the YMCA monthly. At June 30, 2015, the amount due to the YMCA reported on the statement of financial position totaled \$135,354.

In addition, the School reimburses the YMCA for various management and professional services provided to the School under a management services contract. During the year ended June 30, 2015, the School paid the YMCA \$323,340 for management and professional services.

SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 3 - Related Party Transactions (Continued)

The School also rents its facilities from the YMCA under a lease agreement through July 2016. (See Note 6). Rent paid to the YMCA totaled \$180,000 for the year ended June 30, 2015.

Note 4 - Support and Revenues

As described in Note 1, the School Board provides operating funds from FEFP on a monthly basis based on FTE students. In addition, remaining support and revenue sources are generated by daily operations of the School, from student activities, and other contributions. The following amounts are included in total support and revenues in the Statements of Activities as follows for the year ended June 30, 2015:

Support and Revenues

Federal Grants and Revenues

Individuals with Disabilities Education Act (IDEA)	\$ 8,247
School Lunch Reimbursement	159,675
Total	<u>167,922</u>

State Revenues

Florida Education Finance Program	1,434,093
Transportation	34,196
Reading Programs	15,720
Classrooms First Program	297,579
Charter School Capital Outlay Funding	109,679
Charter School Funding	144,699
Implementation Grant	1,086
Total	<u>2,037,052</u>

Local Revenues

Referendum Mileage Allocation	566,162
Foundation Grant	39,922
Food Service	149,804
Merchandise Sales	6,789
Fundraising	30,139
Total	<u>792,816</u>

Total Support and Revenues	\$ <u>2,997,790</u>
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SKY ACADEMY CHARTER SCHOOL
A DIVISION OF SKY FAMILY YMCA, INC.

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

Note 5 - Contributed Materials, Equipment and Services

Contributed property and materials and equipment, if any, are recorded in the accompanying financial statements at their fair values at the date of receipt. The School did not receive any donated property or equipment for the year ended June 30, 2015.

A number of volunteers have donated significant amounts of time to the School's administrative services and its fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

Note 6 - Lease Agreements

The School leases its premises from the YMCA under an operating lease that began on August 1, 2011 and expires on July 31, 2016. The lease requires minimum annual payments of \$216,000, paid in equal monthly installments.

The School also leases a copier under an operating lease that began on August 3, 2011 and expires on August 2, 2016. The lease requires minimum monthly payments of \$568.

The total minimum lease commitments as of June 30, are as follows:

2016	\$ 222,815
2017	568
	<u>\$ 222,383</u>

SUPPLEMENTAL INFORMATION

Kerkering, Barberio & Co.
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SKY Academy Charter School
A Division of SKY Family YMCA, Inc.
Venice, 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 special-purpose financial statements of SKY Academy Charter School (the School), a division of SKY Family YMCA, Inc. (the YMCA), which comprise the statement of financial position as of June 30, 2015, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination in 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

Current Year

No comments

Prior Year

2014-01 Lack of Written Contracts

Condition: During the current year, the School began providing meals for the YMCA preschool program and outside organizations. The agreement between the School and the YMCA was based on a series of email correspondence and not an official contract between the two organizations. All significant agreements should be in writing and signed by parties representing each organization.

Effect: Written contracts protect all parties involved and allows transparency that is important in all transactions.

Recommendation: We recommend that any agreements between the School and the YMCA be written contracts and show agreement between the two organizations.

Status: A contract was done for food service between the YMCA and the School in the current year.

Comment no longer applicable.

Compliance and Other Matters

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

Board of Directors
SKY Academy Charter School
A Division of SKY Family YMCA, Inc.

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.

Kerkering Barberis - C.

Sarasota, Florida
October 12, 2015

ADDITIONAL INFORMATION
REQUIRED BY RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850, AUDITS OF CHARTER SCHOOLS
AND SIMILAR ENTITIES

**MANAGEMENT LETTER
IN ACCORDANCE WITH SECTION 10.850,
RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

To the Board of Directors
SKY Academy Charter School
A Division of SKY Family YMCA, Inc.

We have audited the special-purpose financial statements of SKY Charter School (the School), a division of SKY Family YMCA, Inc. as of and for the year ended June 30, 2015, and have issued our report thereon dated October 12, 2015. 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. We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated October 12, 2015, and should be considered in conjunction with this management letter.

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

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

Section 10.854(l)(e)2., Rules of the Auditor General, requires a statement be included 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. During the course of our audit, nothing came to our attention to indicate that the School had met any of the conditions described in Section 218.503(1), Florida Statutes ("the conditions").

Section 10.854(l)(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, matters required to be disclosed are included below under the heading *Current Year Findings and Recommendations*.

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

Section 10.854(l)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.854(l)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is SKY Academy Charter School.

Pursuant to Sections 10.854(l)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2015, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. 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 management.

Current Year Findings and Recommendations

None

Prior Year Findings and Recommendations

2014-01 Lack of Written Contracts

Condition:	During the current year, the School began providing meals for the YMCA preschool program and outside organizations. The agreement between the School and the YMCA was based on a series of email correspondence and not an official contract between the two organizations. All significant agreements should be in writing and signed by parties representing each organization.
Effect:	Written contracts protect all parties involved and allows transparency that is important in all transactions.
Recommendation:	We recommend that any agreements between the School and the YMCA be writing contracts and show agreement between the two organizations.

Board of Directors
SKY Academy Charter School
A Division of SKY Family YMCA, Inc.

Status: A contract was done for food service between the YMCA and the School in the current year.

Comment no longer applicable.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended for the information and use of the School's management, the Board of Directors, the District School Board of Sarasota County, the Auditor General of the State of Florida, and the Florida Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.



Sarasota, Florida
October 12, 2015