

ACADEMY FOR POSITIVE LEARNING, INC.

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

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Academy for Positive Learning, Inc.
Lake Worth, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Academy for Positive Learning, Inc. ("the Academy"), a charter school, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprises Academy for Positive Learning, 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.

Opinions

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 Academy, as of June 30, 2018, 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 – 6 and 21 – 22 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 27, 2018, on our consideration of the Academy'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 Academy's internal control over financial reporting and compliance.

Infante + Company

Hollywood, FL
September 27, 2018

ACADEMY FOR POSITIVE LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Our discussion and analysis of the Academy for Positive Learning, Inc.'s ("Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2018.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Academy's financial statements which begin on page 7.

For financial statement purposes for the year ended June 30, 2018, the Academy 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 Academy 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 Academy 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 Academy.

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 Academy'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 Academy'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 Academy is improving or deteriorating.

The Statement of Activities presents information showing how the government's 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 Academy'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. 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 Academy'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 13-20 of this report.

**ACADEMY FOR POSITIVE LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Academy's financial position. The Academy's assets exceeded liabilities by \$291,917 and \$247,924 at June 30, 2018 and 2017, respectively.

NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Curent Assets	\$ 194,072	\$ 130,059	\$ 64,013
Capital Assets	<u>152,996</u>	<u>189,168</u>	<u>(36,172)</u>
Total Assets	<u>\$ 347,068</u>	<u>\$ 319,227</u>	<u>\$ 27,841</u>
Current Liabilities	<u>55,151</u>	<u>71,303</u>	<u>(16,152)</u>
Total Liabilities	\$ 55,151	\$ 71,303	\$ (16,152)
Net Position			
Investments in Capital Assets	\$ 135,297	\$ 162,879	\$ (27,582)
Unrestricted	156,620	85,045	71,575
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>291,917</u>	<u>247,924</u>	<u>43,993</u>
Total Liabilities and Net Position	<u>\$ 347,068</u>	<u>\$ 319,227</u>	<u>\$ 27,841</u>
<u>Revenue Sources</u>	<u>2018</u>	<u>2017</u>	<u>Variance</u>
State passed through local school	\$ 1,033,878	\$ 965,043	68,835
Federal passed through local schools	51,530	50,381	1,149
Interest income	15	-	15
Other revenue	<u>66,628</u>	<u>49,677</u>	<u>16,951</u>
Total	\$ 1,152,051	\$ 1,065,101	\$ 86,950

Revenues for governmental activities totaled \$1,152,051 and \$1,065,101 for the years ended June 30, 2018 and 2017, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 80% and 86% of total revenue for the years ended June 30, 2018 and 2017, respectively.

ACADEMY FOR POSITIVE LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>Variances</u>
Instruction	\$ 402,924	\$ 407,732	\$ (4,808)
Pupil personnel services	14,337	24,427	(10,090)
Instructional media services	125	341	(216)
Instructional curriculum development services	387	-	387
Instructional staff training	3,119	7,501	(4,382)
Board expenses	28,002	14,148	13,854
General administration	18,543	45,874	(27,331)
School administration	251,830	252,497	(667)
Facilities acquisitions & construction	209,296	199,796	9,500
Fiscal services	9,944	9,795	149
Food services	38,902	19,082	19,820
Central services	-	5,933	(5,933)
Pupil transportation services	1,627	2,800	(1,173)
Operation of plant	68,012	76,407	(8,395)
Maintenance of plant	18,967	23,832	(4,865)
Community activities	40,789	24,003	16,786
Debt service	1,255	1,551	(296)
Totals	<u>\$ 1,108,059</u>	<u>\$ 1,115,719</u>	<u>\$ (7,660)</u>

In 2013, the Academy used a \$100,000 certificate of deposit that was pledged as collateral to pay down the line of credit which was converted into a note to be repaid over eight years. At June 30, 2018, the note had an outstanding balance of \$17,698.

Debt proceeds were utilized in 2013 for leasehold improvements to the Academy's facility. The repayment of principal and interest is reflected in the fund balance summary as a decrease to the fund balance.

FUND FINANCIAL ANALYSIS

Key highlights for the fiscal years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Revenue	\$ 1,152,051	\$ 1,065,101	\$ 86,950
Debt services	(9,845)	(9,845)	-
Expenditures	<u>(1,070,631)</u>	<u>(1,075,070)</u>	<u>4,439</u>
Change in fund balance	71,575	(19,814)	91,389
Fund balance, beginning of year	<u>85,045</u>	<u>104,859</u>	<u>(19,814)</u>
Fund balance, end of year	\$ 156,620	\$ 85,045	\$ 71,575

**ACADEMY FOR POSITIVE LEARNING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CURRENT YEAR VS PRIOR YEAR RESULTS

The 2017-2018 school year was the fifteenth year that the Academy enrolled students. Total revenue was \$1,152,051 and \$1,065,101 for the years ended June 30, 2018 and 2017, respectively. The increase in revenue was the result of the Academy winning a lawsuit against the school board for approximately \$68,000 related to a Capital Outlay grant. Total expenses were \$1,070,631 and \$1,075,070 for the years ended June 30, 2018 and 2017, respectively. The decrease in expenses is primarily attributable to an increase in food services, but there was a larger decrease in general administration.

BUDGETARY HIGHLIGHTS

Actual revenue and expenses were the same as budgeted.

PROSPECTS FOR THE FUTURE

The Academy is actively fundraising and looking to the landlord for financial assistance to complete additional renovations to its facility.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Academy For Positive Learning, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Academy For Positive Learning, Inc., 1200 N. Dixie Highway, Lake Worth, Florida 33460.

Academy for Positive Learning, Inc.
Statement of Net Position
June 30, 2018

		Governmental Activities
ASSETS		
CURRENT ASSETS		
Cash	\$	133,059
Accounts receivable, net		17,463
Deposits		43,550
Total current assets		194,072
 CAPITAL ASSETS		
Capital Assets, Net of Accumulated Depreciation		
Furniture, fixtures and equipment		13,006
Leasehold improvements		139,990
Total capital assets		152,996
Total assets	\$	347,068
 LIABILITES AND NET POSITION		
LIABILITES		
Accrued salaries and payroll deductions	\$	37,453
Loan payable		17,698
Total liabilities		55,151
 NET POSITION		
Investment in capital assets, net of related debt		135,297
Unrestricted		156,620
Total net position		291,917
Total liabilities and net position	\$	347,068

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

Academy for Positive Learning, Inc.
Statement of Activities
For the Year Ended June 30, 2018

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	\$ 402,924	\$ -	\$ 41,996	\$ -	\$ (360,928)
Pupil personnel services	14,337	-	7,500	-	(6,837)
Instructional media services	125	-	-	-	(125)
Instructional curriculum development services	387	-	-	-	(387)
Instructional staff training	3,119	-	-	-	(3,119)
Board	28,002	-	-	-	(28,002)
General administration	18,543	-	-	-	(18,543)
School administration	251,830	-	-	-	(251,830)
Facilities acquisition and construction	209,296	-	-	92,280	(117,016)
Fiscal services	9,944	-	-	-	(9,944)
Food services	38,902	-	-	-	(38,902)
Pupil transportation services	1,627	-	-	-	(1,627)
Operation of plant	68,012	-	2,034	-	(65,978)
Maintenance of plant	18,967	-	-	-	(18,967)
Community activities	40,789	40,289	-	-	(500)
Debt service interest	1,255	-	-	-	(1,255)
Total governmental activities	<u>\$ 1,108,059</u>	<u>\$ 40,289</u>	<u>\$ 51,530</u>	<u>\$ 92,280</u>	<u>(923,960)</u>

General Revenues

Grants and contributions not restricted to specific programs	-
State revenues	941,598
Investment earnings	15
Miscellaneous	26,340
Total General Revenues	<u>967,953</u>
Change in net position	43,993
Net position, July 1, 2017	247,924
Net position, June 30, 2018	<u>\$ 291,917</u>

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

Academy for Positive Learning, Inc.
Balance Sheet - Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 133,059	\$ -	\$ -	\$ 133,059
Accounts receivable	17,463	-	-	17,463
Deposits	43,550	-	-	43,550
Total Assets	<u>\$ 194,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,072</u>
LIABILITES				
Accrued salaries and payroll deductions	\$ 37,452	\$ -	\$ -	\$ 37,452
Total Liabilities	<u>37,452</u>	<u>-</u>	<u>-</u>	<u>37,452</u>
FUND BALANCES				
Nonspendable	43,550	-	-	43,550
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	113,070	-	-	113,070
Total Fund Balances	<u>156,620</u>	<u>-</u>	<u>-</u>	<u>156,620</u>
Total Liabilities and Fund Balances	<u>\$ 194,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,072</u>

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

Academy for Positive Learning, Inc.
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Fund Balance - Governmental Funds	\$	156,620
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$	452,080
Less accumulated depreciation		<u>(299,084)</u>
		152,996
<p>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.</p>		
		<u>(17,698)</u>
Net Position of Governmental Activities	\$	<u><u>291,918</u></u>

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

Academy for Positive Learning, Inc.
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
REVENUES				
Federal passed through local school district	\$ -	\$ 51,530	\$ -	\$ 51,530
State passed through local school district	941,598	-	92,280	1,033,878
Other revenue	66,628	-	-	66,628
Investment earnings	15	-	-	15
	1,008,241	51,530	92,280	1,152,051
TOTAL REVENUES				
EXPENDITURES/EXPENSES				
Basic instruction	358,250	41,996	-	400,246
Pupil personnel services	6,837	7,500	-	14,337
Instructional media services	125	-	-	125
Instructional curriculum development services	386	-	-	386
Instructional staff training	3,119	-	-	3,119
Board	28,002	-	-	28,002
General administration	18,543	-	-	18,543
School administration	251,558	-	-	251,558
Facilities acquisition and construction	83,794	-	92,280	176,074
Fiscal services	9,944	-	-	9,944
Food services	38,902	-	-	38,902
Pupil transportation services	1,627	-	-	1,627
Operation of plant	65,978	2,034	-	68,012
Maintenance of plant	18,967	-	-	18,967
Community activities	40,789	-	-	40,789
Total expenses	926,821	51,530	92,280	1,070,631
Expenses over Revenues	81,420	-	-	81,420
Debt service:				
Retirement of principal	8,590	-	-	8,590
Interest	1,255	-	-	1,255
Total debt service	9,845	-	-	9,845
Net change in fund balance	71,575	-	-	71,575
Fund balances, July 1, 2017	85,045	-	-	85,045
Fund balances, June 30, 2018	\$ 156,620	\$ -	\$ -	\$ 156,620

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

Academy for Positive Learning, Inc.
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2018

Net Change in fund balances - governmental funds	\$	71,575
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>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.</p>		
Expenditures for capital assets	\$	-
Less current year depreciation		(36,172)
		(36,172)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		8,590
		8,590
Change in Net Position of Governmental Activities	\$	43,993

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

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Academy for Positive Learning, Inc. (the “Academy”) 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 Academy provides an elementary and middle school education to children who reside in Palm Beach County. The governing body of the Academy is the Board of Directors, which is composed of four members.

The Academy 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 Academy is contained in Section 1002.33, Florida Statutes. The current charter shall be for a term of 15 school years commencing with the 2009 - 2010 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 Academy 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 Academy’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 Academy is financially accountable and other organizations for which the nature and significance of their relationship with the Academy are such that exclusion would cause the Academy’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Academy.

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 Academy 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 Academy. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Academy does not engage in any business type activities.

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 Academy 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*, 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 Academy's highest level of decision-making authority. Commitments may be changed or lifted only by the Academy taking the same formal action that imposed the constraint originally.
- Assigned fund balance - comprises amounts intended to be used by the Academy 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.

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 Academy'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 Academy'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 Academy'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 Academy reports the following major governmental funds:

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

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 Academy 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 Academy.

4. Budgetary basis of accounting

The Academy's annual budgets are adopted for the entire operations for the Academy 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 to deficiency of revenues under 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 Academy and/or checking and money market accounts held at two financial institutions. The Academy 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 Academy as assets with an initial individual cost of more than \$750 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, 2018, the Academy recorded net capital assets of \$152,996.

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	10
Leasehold improvements	10
Software	3

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 Academy pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Academy 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 Academy is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the Academy during designated FTE student survey periods.

The Academy 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 Academy 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 Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Academy's federal income tax returns for 2016-2018 remain subject to examination by major tax jurisdictions.

NOTE B - CONCENTRATIONS

1. Revenue sources

As stated in Note A-7, the Academy 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	\$ 51,530
State funding through local district	952,311
Aftercare and other revenue	<u>148,210</u>
	<u>\$1,152,051</u>

2. Cash

Under Chapter 280, Florida Statutes, the Academy's deposits must be placed in banks and savings and loans which are qualified as public depositories. The Academy maintains cash deposits at two banks 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, 2018, there were no uninsured bank deposit balances.

NOTE C – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions	Adjustments and Deletions	Balance at June 30, 2018
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 119,856	\$ -	\$ -	\$ 119,856
Leasehold improvements	<u>332,224</u>	<u>-</u>	<u>-</u>	<u>332,224</u>
Total assets depreciated	<u>\$ 452,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,080</u>
Less Accumulated depreciation				
Furniture, fixtures and equipment	\$ 103,900	\$ 2,950	\$ -	\$ 106,850
Leasehold improvements	<u>159,012</u>	<u>33,222</u>	<u>-</u>	<u>192,234</u>
Total assets depreciated	<u>\$ 262,912</u>	<u>\$ 36,172</u>	<u>\$ -</u>	<u>\$ 299,084</u>
Total governmental activities				
Capital assets, net				<u>\$ 152,996</u>

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE C – CAPITAL ASSETS (continued)

Depreciation expense of \$36,172 was charged to the basic instruction (\$2,678), administration (\$272) and facilities and acquisition (\$33,222) functions for the year ended June 30, 2018.

NOTE D - COMMITMENTS AND CONTINGENCIES

The Academy leased property during the year for its administrative and classroom space under a non-cancelable operating lease. The Academy also has a lease for a copier. The Academy is currently in negotiations with the landlord to restructure its lease for the premises, which will result in a decrease in future minimum lease payments. The current lease allows for additional rent being owed if certain enrollment numbers are attained. Rental expenses for the year ended June 30, 2018 were approximately \$166,574.

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

June 30:		
2019	\$	167,844
2020		166,870
2021		162,000
2022		<u>27,000</u>
Total	\$	523,714

NOTE E – NOTE PAYABLE

On February 16, 2012, the Academy entered into a convertible line of credit note with a \$300,000 limit. On August 16, 2012, the line of credit converted into a fixed rate note with repayment terms with principle plus interest over a 60 month period. A certificate of deposit for \$100,000 was pledged as collateral on this note agreement and in May 2013, it was used to pay down the line of credit.

On June 3, 2013, the outstanding balance on the note was converted to another note whereby interest only is due monthly for a one year period at the prime rate. Effective June 3, 2014, the interest rate will become fixed to the five year US Treasury rate plus 3.4% and principal and interest payments will be due at that time until maturity at June 3, 2020. At June 30, 2018, the outstanding balance on the convertible note was \$17,599. This note is collateralized by all assets of the Academy.

Following are maturities of long-term debt for each of the next four years:

June 30,		
2019	\$	9,130
2020		<u>8,469</u>
Total	\$	17,599

ACADEMY FOR POSITIVE LEARNING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE F - RISK MANAGEMENT

The Academy 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 Academy purchases commercial insurance for all material risks of loss to which the Academy is exposed, including general liability, property and workers compensation.

The Academy did not have any settlements that exceeded insurance coverage for the years ended June 30, 2016 – 2018.

NOTE G – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through September 27, 2018, which is the date the financial statements became available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Academy for Positive Learning, Inc.
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2018
(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	962,970	947,598	941,598	(6,000)
Other revenue	<u>53,960</u>	<u>60,643</u>	<u>66,644</u>	<u>6,001</u>
 Total revenues	 1,016,930	 1,008,241	 1,008,242	 1
 Expenses				
Basic instruction	415,280	358,251	358,250	(1)
Pupil personnel services	13,645	8,981	6,837	(2,144)
Instructional media services	200	125	125	-
Instructional curriculum development services	-	386	386	-
Instructional staff training	4,200	975	3,119	2,144
Board	28,650	28,002	28,002	-
General administration	18,950	18,543	18,543	-
School administration	195,237	251,558	251,558	-
Facilities acquisition and construction	96,794	96,794	83,794	(13,000)
Fiscal services	9,820	9,944	9,944	-
Food services	32,690	38,902	38,902	-
Pupil transportation services	1,600	1,627	1,627	-
Operation of plant	74,600	65,978	65,978	-
Maintenance of plant	10,000	18,967	18,967	-
Community activities	<u>55,437</u>	<u>40,789</u>	<u>40,789</u>	<u>-</u>
 Total expenses	 <u>957,103</u>	 <u>939,822</u>	 <u>926,821</u>	 <u>(13,001)</u>
 Revenues over expenditures	 <u>59,827</u>	 <u>68,419</u>	 <u>81,421</u>	 <u>13,002</u>
 Debt service:				
Retirement of principal	8,500	8,590	8,590	-
Interest	<u>1,600</u>	<u>1,255</u>	<u>1,255</u>	<u>-</u>
Total debt service	10,100	9,845	9,845	-
 Net change in fund balance	 49,727	 58,574	 71,576	 13,002
 Fund Balance, July 1, 2017	 <u>115,271</u>	 <u>121,070</u>	 <u>85,045</u>	 <u>(30,226)</u>
 Fund Balance, June 30, 2018	 <u>\$ 164,998</u>	 <u>\$ 179,644</u>	 <u>\$ 156,621</u>	 <u>\$ (17,224)</u>

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

Academy for Positive Learning, Inc.
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
Special Revenue Fund
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Federal passed through local school district	\$ 42,632	\$ 51,530	\$ 51,530	\$ -
State passed through local school district	-	-	-	-
Other revenue	-	-	-	-
	<u>42,632</u>	<u>51,530</u>	<u>51,530</u>	<u>-</u>
Total revenues				
	42,632	51,530	51,530	-
Expenses				
Basic instruction	42,632	41,996	41,996	-
Pupil personnel services	-	7,500	7,500	-
Instructional media services	-	-	-	-
Instructional staff training	-	-	-	-
Board	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Fiscal services	-	-	-	-
Food services	-	-	-	-
Pupil transportation services	-	-	-	-
Operation of plant	-	2,034	2,034	-
Maintenance of plant	-	-	-	-
Community activities	-	-	-	-
	<u>42,632</u>	<u>51,530</u>	<u>51,530</u>	<u>-</u>
Total expenses				
	42,632	51,530	51,530	-
Revenues over expenditures				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Retirement of principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance				
	-	-	-	-
Fund Balance, July 1, 2015				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2016				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



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- 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
Academy for Positive Learning, Inc.
Lake Worth, 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 Academy for Positive Learning, Inc., (the "Academy", a nonprofit organization), a charter school, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Academy for Positive Learning, Inc.'s basic financial statements and have issued our report thereon dated September 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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.

Infante + Company

September 27, 2018
Hollywood, Florida



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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
Academy For Positive Learning, Inc., Florida,
Lake Worth, Florida

Report on the Financial Statements

We have audited the financial statements of the Academy For Positive Learning, Inc., Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 27, 2018.

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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 27, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations 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. The official title of the entity is Academy For Positive Learning, Inc.

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 Academy For Positive Learning, 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 Academy For Positive Learning, 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 Academy For Positive Learning, Inc. It is management's responsibility to monitor the Academy For Positive Learning, 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 Academy For Positive Learning, 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 Academy For Positive Learning, 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 27, 2018