

THE APPLICATION IS VOLUMINOUS  
AND IS AVAILABLE FOR REVIEW IN  
THE OFFICE OF THE COUNTY ATTORNEY.

Agenda Item #: **4B-1**

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

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Meeting Date:	12/4/12	<input type="checkbox"/>	Consent	<input checked="" type="checkbox"/>	Regular
		<input type="checkbox"/>	Public Hearing		
Department:					
Submitted By:	COUNTY ATTORNEY				
Submitted For:					

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**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to: approve the application of Bright Futures Academy Charter School Inc. with respect to the requested issuance by the County of its Palm Beach County, Florida Revenue Bonds, in an aggregate principal amount not to exceed \$10,500,000 (the "Bonds").

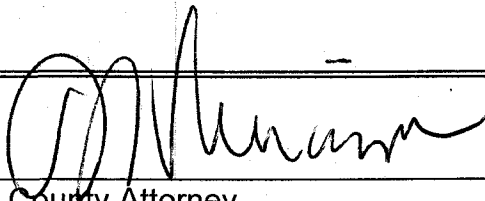
**Summary:** Bright Futures Academy Charter School Inc. (the "School"), a Florida not-for-profit corporation which is exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, has applied for issuance of the Bonds by the County. Proceeds of the Bonds will be used to finance the costs of acquisition, renovation and equipping of educational facilities at the School's new campus to be located at 13205 US Highway One, Juno Beach, Florida. The School has paid the required application fee and remains obligated to pay the applicable County costs incurred in connection with the proposed issuance of the Bonds. The Bonds will be payable solely from revenues derived from the School's operations. **Neither the taxing power nor the faith and credit of the County nor any County funds are pledged to pay the principal, redemption premium, if any, or interest on the Debt Obligations.** District 1 (PFK)

**Background and Policy Issues:** As required under the Internal Revenue Code, the County will conduct a TEFRA public hearing prior to granting final approval for issuance of the Bonds.

**Attachments:**

- 1. Application

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Recommended by:		11/13/12
	County Attorney	Date
Approved By:	N/A	
	County Administration	Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Capital Expenditures	<u>0</u>	<u>0</u>	_____	_____	_____
Operating Costs	<u>0</u>	<u>0</u>	_____	_____	_____
External Revenues	<u>0</u>	<u>0</u>	_____	_____	_____
Program Income (County)	<u>0</u>	<u>0</u>	_____	_____	_____
In-Kind Match (County)	<u>0</u>	<u>0</u>	_____	_____	_____
<b>NET FISCAL IMPACT</b>	<u>0</u>	<u>0</u>	_____	_____	_____
	*See below				
No. ADDITIONAL FTE POSITIONS (Cumulative)	<u>0</u>	<u>0</u>	_____	_____	_____

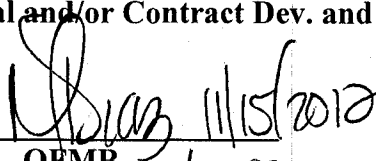
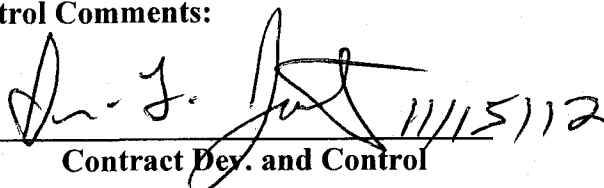
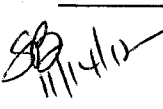
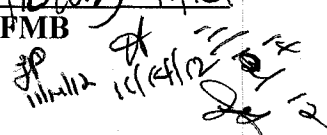
Is Item Included In Current Budget? Yes \_\_\_\_\_ No \_\_\_\_\_  
 Budget Account No.: Fund \_\_\_\_\_ Department \_\_\_\_\_ Unit \_\_\_\_\_  
 Object \_\_\_\_\_ Reporting Category \_\_\_\_\_

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

**C. Departmental Fiscal Review: \*No Fiscal Impact.**

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Dev. and Control Comments:**

 11/15/12  
 \_\_\_\_\_ OFMB  
 11/15/12  
 \_\_\_\_\_ Contract Dev. and Control  
 11/14/12  
 11/14/12

**B. Legal Sufficiency:**

 11/13/12  
 \_\_\_\_\_  
 Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

**(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.)**



# BRIGHT FUTURES ACADEMY CHARTER SCHOOL

*Excellence in Education Since 2001*

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November 2, 2012

Palm Beach County Economic Development Office  
Amanda Hughes, Economic Development Specialist  
P.O. Box 1989  
West Palm Beach, FL 33402-1989

Dear Ms. Hughes;

We are pleased to submit to you an Industrial Revenue Bond Financing Project Eligibility Questionnaire for approval by the Palm Beach County Economic Development Office. We are excited to request your approval to move forward with a tax-exempt revenue bond financing to be used to purchase and renovate a new facility for Bright Futures Academy Charter School.

Bright Futures Academy Charter School is a highly successful charter school which has been operating in Palm Beach County since 2001. It is our goal to be a landmark in the Juno Beach community providing a high quality public education to students from throughout Palm Beach County, and the approval of these bonds will be instrumental in allowing us to do so.

Pursuant to the "Application Instructions" provided with the IRBF Eligibility Questionnaire, below are the responses to the information requested.

**(1) Company Information**

Bright Futures Academy Charter School, Inc. currently operates out of several locations. However, our current primary business address is 10350 Riverside Drive, Palm Beach Gardens, FL 33410. Our telephone number is (561) 253-7504 and the fax number is (561) 253-7879. Bright Futures is a not-for-profit corporation operated by a not for profit Board of Directors, and there are no owners or parent companies involved. Our current Board Members include:

- Dr. Terry Couch, PhD Chairman
- Robert Frein, VC
- Rebecca Nelson, Secretary
- Rick Ott
- Lawrence Todd Larmer
- Felt Brown
- Giovanni de Francisci

**Key Administrators:**

- Kendall Artusi, CEO
- Henry DiGiacinto, COO
- Janine Korody, CFO

(2) **Amount Being Requested**

Bright Futures is seeking a maximum of \$10,500,000 in financing.

(3) **Brief Description of the Company**

Bright Futures is a public charter school which has been operating in Palm Beach County since 2001. Starting with just 62 students that year, we have grown to three campuses with a total of 619 students in 2012, with hopes to have a total of 1,066 by the year 2017. We have consistently demonstrated high academic results by obtaining an "A" from the state's accountability system for five years, and never receiving anything lower than a "C" in our history. Bright Futures Academy strives to create an environment where students feel valued, affirmed and supported while they explore their interests and develop their special gifts. Our caring, talented teachers and staff work in partnership with families to help students become competent and compassionate adults. Our school demands much of students through a rigorous academic program, leading them to knowledge using the International Curriculum methodology. This approach encourages them, through active inquiry, to actualize their potential as individual scholars. To learn more about our school, please visit our website at <http://www.brightfuturesacademy.com/>, or you may view many of the documents we are compiling in as part of the bond process at <http://brightfutures.charterschoolcorp.org/>.

(4) **Use of Proceeds**

The proceeds will be used to purchase and renovate the buildings, known as Seminole Plaza, at 13205 US Highway One, Juno Beach. The renovations will prepare the facility to be used as a school to allow Bright Futures to consolidate and unify our campuses. Please see the attached questionnaire which detailed breakdowns of the intended use for the bond proceeds.

(5) **Pro Forma Financial Statements**

Attached to this letter and Questionnaire please find a complete budget projection for each of the next five years.

(6) **Contribution to the Local Economy**

Bright Futures has a strong history of providing high quality education to students in Palm Beach County. The economic benefits of a high quality education to the community are well known. The existence of high quality public education options is a positive attractor to communities, not to mention the creation of a skilled workforce. Given that Bright Futures currently operates out of three separate locations, by providing a single campus where we can centralize the instruction of our students, we believe we will be able to provide a more comprehensive and successful educational program to our students, while helping to save costs in the long run.

(7) **Proposed Security and Guarantors of the Bonds**

There will be no guarantors of the bonds; instead the bond will be secured through a Gross Revenue Pledge by Bright Futures, including in particular the school's state funding.

(8) **Proposed Method of Sale of the Bonds**

We are working with RBC Capital Markets to market and sell the bonds, and anticipate that it will be a negotiated limited offering or private placement through RBC Capital Markets.

(9) **Audited Financial Statements**

As requested, the audited financial statements for the last three fiscal years are included. If additional years would be helpful, they have been posted online at <http://BrightFutures.charterschoolcorp.org/>

(10) **Parties Involved**

In order to ensure the successful closing and processing of the bond issue we are working with numerous parties to facilitate the process. The most recent copy of our working group distribution list is attached.

(11) **Evidence of Financial Responsibility**

We believe that the past history of success Bright Futures has demonstrated through our academic achievement and the financial audits (see attached) demonstrate our ability to ensure that the funds will be used in accordance to the agreements with Palm Beach County, including the obligation to pay the debt service and maintain the facility in good working order.

(12) **Impact on Public Facilities**

The facility we are set to purchase already houses some educational units, and has all of the public service utilities that we will require in order to successfully operate the school. We do not envision an increase in the need for utilities, public services, or construction needs from the county.

(13) **Bond Counsel**

We have retained the services of Robert Gang of Greenberg Traurig LLP to act as our bond counsel in regards to the financing. Mr. Gang is listed in the Bond Buyer's Municipal Market Place Directory.

(14) **Notice of Intent to Issue Bonds**

We do not believe this applies to a qualified 501(c)(3) bond financing, as no volume cap allocation is required.

(15) **Acknowledgement of Transcript Copies**

We expressly acknowledge that we will be responsible for three complete, bound transcript copies as required.

(16) **Acknowledgement of Fees and Costs Resolution**

We expressly acknowledge that we are agreeing to the provisions set forth in the resolution of the Board of County Commissioners regarding County fees and costs payable prior to and post-closing with regards to this financing package.

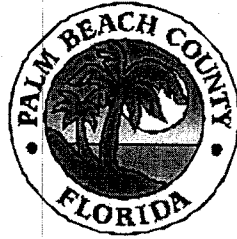
We want to thank you for your assistance as we begin this process, and we look forward to working with you to successfully secure the future of Bright Futures Academy Charter School. If I can be of any further assistance, please do not hesitate to contact me.

Sincerely,



Henry Di Giacinto  
COO / Principal

Bright Futures Academy Charter School



INDUSTRIAL DEVELOPMENT REVENUE BOND  
PALM BEACH COUNTY, FLORIDA

APPLICATION FORM

When there is insufficient space on the application to provide information include attachments. Enclose all pertinent documentation.

INDUSTRIAL REVENUE BOND FINANCING  
PROJECT ELIGIBILITY QUESTIONNAIRE

1. Entity that will lease or purchase the project (or borrow the bond proceeds) from the bond issuer.

Entity Name: Bright Futures Academy Charter School, Inc.

Address: 10350 Riverside Drive, Palm Beach Gardens, FL 33410

Telephone: (561) 253-7504

Fax: (561) 253-7879

This entity is referred to as the project's "principal user" for the remainder of this questionnaire.

2. Form of organization of principal user (check one):

corporation       partner       sole proprietorship

Is the principal user related to any other organization by more than 50% common ownership?

yes       no

If yes, indicate name of related organization and relationship:

3. Ownership: List all stockholders or partners having 10% or more interest in the principal user:

**As a not for profit charter school, there are no owners or stockholders in the organization.**

4. If any of the above persons own more than 50% of the principal user, list all other organizations which are related to the principal user by virtue of such persons having more than a 50% interest in such organizations:

**Not applicable.**

5. Location of the project (street address & municipality or unincorporated area of County):

**Seminole Plaza: 13205 US Highway One, Juno Beach, FL 33408**

6. Project Site (land)

(a) Indicate approximate size (in acres or square feet) of project site: **5.3 acres, ~65,000 square feet of buildings**

(b) Are there buildings now on the project site?  
 yes       no

(c) Indicate the present use of the project site:

**Mixed use, retail & special use, school.**

(d) Indicate present owner of project site:

**Green Island Investors (13205 US Highway One, Suite #301, Juno Beach, FL 33408)  
Principal: Victor Hernandez**

7. If the principal user now owns the project site, indicate: **Not applicable**

- (a) Date of Purchase:  
(b) Purchase Price:  
(c) Balance of Existing Mortgage:  
(d) Holder of Mortgage:

8. If the principal user is not now the owner of the project site, does the principal user have an option to purchase the site and any buildings on the site?  
 yes  no

If yes, indicate: **There is an agreed upon contract pending execution. We anticipate this agreement will be signed within the next few weeks, possibly before the commission considers this application. Bright Futures will lease the facilities starting in 2012 with the intention of purchasing once financing is secured early in 2013.**

(a) Date Option Agreement Signed with Owner:

(b) Purchase Price under Option:

(c) Expiration Date of Option:

9. Has the principal user entered into a contract to purchase the site?  
 yes  no

If yes, indicate: **A purchase agreement existed earlier in the year, but expired due to pending status of the financing. A revised purchase agreement is also pending execution.**

(a) Date Signed:

(b) Purchase Price:

(c) Settlement Date: **On or about February 15, 2013**

10. If the principal user is not the owner of project site, does the principal user now lease the site or any buildings on the site?  
 yes  no

**Some of the space is currently being used for administrative offices by Bright Futures.**

11. Is there a relationship legally or by virtue of common control or ownership between the principal user and the seller / lessor of the project site?  
 yes  no

If yes, describe this relationship:

12. Does the project involve acquisition of an existing building or buildings?  
 yes  no

If yes, indicate number and size of buildings: **~65,000 square feet divided between four buildings.**



13. Does the project consist of the construction of a new building or buildings?  
 yes       no

If yes, indicate number and size of new buildings:

14. Does the project consist of additions and/or renovations to existing buildings?  
 yes       no

If yes, indicate nature of expansion and/or renovations: **Classroom build out.**

15. What will be the use of the buildings or buildings to be acquired, constructed or expanded by the principal user for this project? **K-8 Public Charter School**

16. If any space in the project is to be leased to third parties, indicate total square footage of the project, amount to be leased to each tenant, and proposed use by each tenant:

Project Total Sq. Ft.	Third Parties Leased Sq. Ft.	Tenant / Proposed Use
<b>There are currently tenants in some of the spaces, however, as their leases expire, they will not be renewed. The expiration dates vary, but we anticipate that all tenants will be vacated within 24 months.</b>		

17. Has construction work on this project begun?  
 yes       no

If yes, complete the following:

	Construction Work	Yes	No	% Complete
(a)	Site Clearance			%
(b)	Foundation			%
(c)	Footings			%
(d)	Steel			%
(e)	Masonry Work			%
(f)	Other (describe below)			%

18. List principal items or categories of equipment to be acquired as part of the project:  
 We do not anticipate any substantial equipment purchases, but if construction costs are less than expected some furniture, fixtures and equipment may be purchased. Equipment will be relocated from current leased facilities in Palm Beach Gardens and North Palm Beach.

19. Has any of the above equipment been ordered or purchased?  
 yes       no

If yes, indicate:

Equipment Item	Date Ordered	Delivery Date	Price

20. List the face amount of all tax-exempt finance previously arranged by or for the benefit of the principal user in Palm Beach County:

Date of Issue	Original Face	Current Outstanding
Not applicable		

21. State the proposed uses of bond proceeds:

Description of Cost	Amount
Purchase Price (Land/Buildings)	\$4,900,000
Construction and Renovation	\$2,750,000
Loan Repayment (Building Hope)	\$240,000
Capitalized Leasehold	\$216,000
Engineering	\$200,000
Interest During Construction	\$550,000
Cost of Financing	\$500,000
Debt Service Reserve Fund	\$710,000
Contingency Fund	\$434,000
Face Amount of Issue	\$10,500,000

22. Have any of the above expenditures already been made by the applicant?  
 yes       no

If yes, indicate particulars:

\$1,000 – Architect

\$8,800 – Attorney Fees (Lewis, Longman and Walker)

23. Have any of the above expenditures been incurred but not paid by the principal user?  
 yes       no

If yes, indicate particulars:

\$11,500 – Engineer

\$12,000 – Urban Planning, Traffic Study

24. Are costs of working capital, moving expenses, work in process, or stock in trade included in the proposed uses of bond proceeds?  
 yes       no

If yes, indicate particulars:

25. Will any of the funds to be borrowed through the County be used to repay or refinance an existing mortgage or outstanding loan?  
 yes       no

If yes, indicate particulars: Bright Futures has taken out a short term bridge loan to assist with the costs related to completing this purchase for \$240,000.

**(Complete questions 26 and 27 only if the proposed financing is an industrial development financing in excess of \$1 million.)**

26. List capital expenditures with respect to **this project**:

Expenditure	Past 3-Years Amount	Next 3-Years Amount
Land	Not Applicable	
Buildings		
Equipment		
Engineering		
Architecture		
Research & Development		
Interest During Construction		
Other (please explain below)		
TOTAL		

Research and development expenses with respect to a facility must be treated as capital expenditures with respect to it. This would include research and development with respect to products to be produced at the facility and with respect to equipment to be used there. Research and development expenses allocable to the project under the foregoing rule must be treated as capital expenditures with respect to it even though the research and development work takes place in a different county or state.

Costs of molds, etc., to be used at a facility are capital expenditures even if paid by the customer.

Costs of equipment to be moved to a facility are capital expenditures even if the purchase and initial use of the equipment occurred outside the County.

27. List capital expenditures with respect to **other facilities** of the principal user or any related person, if the facilities are located in Palm Beach County:

Expenditure	Past 3-Years Amount	Next 3-Years Amount
Land	Not Applicable	
Buildings		
Equipment		
Engineering		
Architecture		
Research & Development		
Interest During Construction		
Other (please explain below)		
TOTAL		

28. Indicate approximate number of individuals who will be employed after completion of the project:  
120 - 130

29. Do any of said employees require specialized training or skills to qualify for said employment?  
 yes       no

If yes, please indicate whether or not training programs will be instituted or whether or not local technical and vocational education can provide such training:

College education is required for professional staff members as well as Florida State Teaching Certifications.

We have in house professional development on-going for our staff members. We also have staff mentors available to provide direct support to other staff members.

30. Please indicate utility needs; i.e., electrical, water and sewer. Include quantity and character of said needs:  
The space will be used for a public charter school, there should not be any change in the amount or characteristics of these utilities over what is currently available on-site.

31. Does the project produce emissions through stacks or chimneys which would subject it to the jurisdiction of the Florida Department of Environmental Regulation?  
 yes       no

If yes, indicate particulars:

32. Does the project produce sewage, industrial effluent, or discharge of an unusual character requiring specialized treatment?  
 yes       no

If yes, indicate particulars:



Authorized Company Officer Signature

KENDALL ADAMS

Print Name

CHIEF EXECUTIVE OFFICER

Title

11/5/2012

Date

Bright Futures Academy Juno Beach

Actual and Projected Income

Fiscal Year Ending June:		2013 est.	2014 est.	2015 est.	2016 est.	2017 est.
30 Year 6% \$10,500,000						
	Number of Students	690	820	910	990	1,066
<b>Pro Forma</b>	FEFP (1.5% annual increase)	6,180.00	6,272.70	6,366.79	6,462.29	6,559.23
<b>Revenue</b>						
	FEFP	\$ 4,264,200.00	\$ 5,143,614.00	\$ 5,793,779.36	\$ 6,397,669.43	\$ 6,992,135.71
	Capital Outlay	\$ 229,000.00	\$ 229,000.00	\$ 229,000.00	\$ 229,000.00	\$ 229,000.00
	IDEA Grant	\$ 65,000.00	\$ 70,000.00	\$ 75,000.00	\$ 80,000.00	\$ 85,000.00
	Internal Accounts	\$ 460,000.00	\$ 483,000.00	\$ 507,150.00	\$ 532,507.50	\$ 559,132.88
<b>Total Revenue</b>		<b>5,018,200</b>	<b>5,925,614</b>	<b>6,604,929</b>	<b>7,239,177</b>	<b>7,865,269</b>
	FTE Revenue per Student	\$ 6,180.00	\$ 6,272.70	\$ 6,366.79	\$ 6,462.29	\$ 6,559.23
			102%	102%	102%	102%
<b>Expenditures</b>						
	Instruction	\$ 2,609,464.00	\$ 2,859,332.82	\$ 3,002,783.61	\$ 3,154,778.00	\$ 3,304,800.00
	Board / Fiscal Services	\$ 150,546.00	\$ 175,694.29	\$ 187,500.00	\$ 200,000.00	\$ 200,000.00
	School Administration	\$ 702,548.00	\$ 694,595.87	\$ 767,518.40	\$ 800,000.00	\$ 800,000.00
	Operation of Plant	\$ 501,820.00	\$ 575,000.00	\$ 700,000.00	\$ 750,000.00	\$ 786,526.86
	Other Program & Services	\$ 263,455.50	\$ 334,537.24	\$ 478,387.80	\$ 434,350.62	\$ 471,916.11
<b>Total Expenditures</b>		<b>\$ 4,227,833.50</b>	<b>\$ 4,639,160.22</b>	<b>\$ 5,136,189.81</b>	<b>\$ 5,339,128.62</b>	<b>\$ 5,563,242.97</b>
	Expenditures per Student	\$ 6,127.29	\$ 5,657.51	\$ 5,644.16	\$ 5,393.06	\$ 5,218.80
<b>Income Before Debt</b>		<b>\$ 790,366.50</b>	<b>\$ 1,286,453.78</b>	<b>\$ 1,468,739.55</b>	<b>\$ 1,900,048.32</b>	<b>\$ 2,302,025.61</b>
30 Year 6% 10,500,000.00						
	Annual Loan Payment 6.00%	\$ 755,433.72	\$ 755,433.72	\$ 755,433.72	\$ 755,433.72	\$ 755,433.72
	Free Cash Flow Excess	\$ 34,932.78	\$ 531,020.06	\$ 713,305.83	\$ 1,144,614.60	\$ 1,546,591.89
	<i>Debt Service Coverage Ratio:</i>	<i>1.05</i>	<i>1.70</i>	<i>1.94</i>	<i>2.52</i>	<i>3.05</i>
<b>Change in Net Assets</b>			<b>531,020</b>	<b>713,306</b>	<b>1,144,615</b>	<b>1,546,592</b>
Retained Surplus	Capitalized working Capital	770,000.00	770,000.00	770,000.00	770,000.00	770,000.00
		1,560,367	2,056,454	2,238,740	2,670,048	3,072,025.61
		2.07	2.72	2.96	3.53	4.07

Bright Futures Academy Juno Beach  
Actual and Projected Income

Amount Borrowed		\$ 9,400,000.00	10,500,000.00		
Purchase Loan		\$ 5,000,000.00	\$ 4,900,000.00		
Construction Loan		\$ 4,400,000.00	\$ 5,600,000.00		
Total		\$ 9,400,000.00	\$ 10,500,000.00		
Rate		6.00%	6.00%		
Monthly Payment		56,357.75	62,952.81		
Annual Int & Principal		676,293.00	755,433.72		
Term		360	360		
Payment Coverage		\$ 790,366.50	\$ 790,366.50		
Percentage		1.17	1.05		



Bright Futures Academy Juno Beach  
Actual and Projected Income

<b>Building Hope Foundation Loan</b>		\$ 240,000.00	
<b>USES OF FUNDS</b>			
PreClosing		Added	Total
Legal-Tara Duhy	10,000.00	10,000.00	20,000.00
Traffic-Adam Kerr	12,000.00	6,000.00	18,000.00
Survey-Eric Matthews	12,500.00	1,250.00	13,750.00
Architect-Rene	1,500.00	20,000.00	21,500.00
Deposit-Seller	3,000.00	97,000.00	100,000.00
Planning -Don Hearing	12,000.00	12,000.00	24,000.00
			197,250.00
<b>Municipal Bond Proceeds</b>		10,400,000.00	\$ 10,400,000.00
			10,442,750.00
<b>USE OF BOND FUNDS</b>			
Greenberg Trauig	Robert Gang	80,000.00	
Royal Bank of Canada	Julia Santamaria	160,000.00	
Fees		60,000.00	300,000.00
			10,142,750.00
Repayment of BHF		240,000.00	
One Year Escrow		676,293.00	916,293.00
			9,226,457.00
Capitalized Leasehold	(Re-negotiated Riverside Lease)	215,136.00	215,136.00
			9,011,321.00
Payment to Seller		4,900,000.00	4,900,000.00
			4,111,321.00
Construction		2,750,000.00	2,750,000.00
Engineering		0.00	200,000.00
			200,000.00
Bus		40,000.00	
Advertising		20,000.00	
Mnt Equip		20,000.00	
Move Expense		20,000.00	100,000.00
			1,261,321.00
Working Capital Availability			1,261,321.00

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)

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**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT THEREON  
FOR THE YEAR ENDED JUNE 30, 2012  
AND SUPPLEMENTARY REPORTS AS REQUIRED BY THE  
OFFICE OF THE AUDITOR GENERAL AND THE  
GOVERNMENT AUDITING STANDARDS**

**TCBA WATSON RICE LLP  
Certified Public Accountants  
And  
Advisors**

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**TCBA Watson Rice LLP**  
Certified Public Accountants and Advisors

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of Bright Futures Academy Charter School, Inc, (the "BFA", a Nonprofit Organization) as of June 30, 2012 and for the year ended, which collectively comprise BFA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of BFA's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the major fund of BFA as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated September 24, 2012 on our consideration of BFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that supplementary information, such as management's discussion and analysis and budgetary comparison information 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 evidence sufficient to express an opinion or provide any assurance.

West Palm Beach, Florida  
September 24, 2012

*TCBA Water Rice LLP*

# BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.

(A NON-PROFIT ORGANIZATION)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

This management's discussion and analysis of Bright Futures Academy Charter School, Inc. ("BFA") provides an overview of BFA's financial activities for the fiscal year ended June 30, 2012. Since this information is designed to focus on the activities of the current year, resulting changes, and currently known facts, it should be read in conjunction with BFA's financial statements (beginning on page 8).

For financial statement purposes, BFA is considered a component unit of the Palm Beach County School District, which is the primary government entity for financial reporting. BFA has included separate statements of Balance Sheet for Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balance. The Fund Financial Statements reflect financing activities of BFA presented in the modified accrual basis of accounting, which provides information on the inflows and outflows of spendable resources, while BFA's Statement of Net Assets and the Statement of Activities are presented in the full accrual basis of accounting and provide information on BFA's activities.

### USING THIS ANNUAL REPORT

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of BFA as a whole and present a longer-term view of BFA's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements start on page 10. Fund financial statements also report BFA's operations in more detail than the government-wide statements by providing information about BFA's most significant funds.

#### *The Statement of Net Assets and the Statement of Activities*

The analysis of the Bright Futures Academy Charter School, Inc. as a whole begins on page 5. One of the most important questions asked about BFA's finances is, "Is BFA as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about BFA as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by the most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report BFA's net assets and changes in them. You can think of BFA's net assets - the difference between assets and liabilities - as one way to measure BFA's financial health, or financial position. Over time, increases or decreases in BFA's net assets are indicators of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the State's estimated revenues and the County's property tax base and the condition of local infrastructure, to assess the overall health of BFA.

In the Statement of Net Assets and the Statement of Activities, BFA presents Governmental activities. All of BFA's basic services are reported here. Appropriations from the State finance most activities.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NON-PROFIT ORGANIZATION)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2012**

**Reporting the General Fund of the Bright Futures Academy Charter School, Inc.**

***Fund Financial Statements***

Our analysis of the Bright Futures Academy Charter School, Inc.'s general fund begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the general fund - not BFA as a whole. BFA presents the general fund and capital projects fund which are governmental funds. All of BFA's basic services are reported in these 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. The funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of BFA's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance BFA's programs. We describe the relationship (or differences) between governmental activities (*reported in the Statement of Net Assets and the Statement of Activities*) and governmental funds in a reconciliation included with the financial statements on pages 11 and 13.

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**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**

(A NON-PROFIT ORGANIZATION)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2012**

**The Bright Futures Academy Charter School, Inc. as a Whole**

The Bright Futures Academy Charter School, Inc.'s combined net assets at the end fiscal year 2012 decreased by 43% or \$254,644, from last year's \$588,203 to \$333,559 this year. In contrast, last year's net assets increased by \$67,881 over fiscal year 2010. Our analysis below focuses on the net assets (*Table 1*) and changes in net assets (*Table 2*) of BFA's governmental fund activity.

*Table 1 – Condensed Statement of Net Assets*

	<u>2012</u>	<u>2011</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
<b>ASSETS</b>				
Current assets	\$ 158,191	\$ 289,546	\$ (131,355)	-45%
Capital assets	252,156	351,149	(98,993)	-28%
Other assets	-	376,890	(376,890)	-100%
<b>Total Assets</b>	<u>410,347</u>	<u>1,017,585</u>	<u>(607,238)</u>	<u>-60%</u>
<b>LIABILITIES</b>				
Current liabilities	72,589	401,393	(328,804)	-82%
Non-current liabilities	4,199	27,989	(23,790)	-85%
<b>Total Liabilities</b>	<u>76,788</u>	<u>429,382</u>	<u>(352,594)</u>	<u>-82%</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related deb	228,388	299,915	(71,527)	-24%
Unrestricted net assets	105,171	288,288	(183,117)	-64%
<b>Total Net Assets</b>	<u>\$ 333,559</u>	<u>\$ 588,203</u>	<u>\$ (254,644)</u>	<u>-43%</u>

Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$288,288 at June 30, 2011 to \$105,171 at the end of this year.

*Table 2 – Condensed Statement of Activities*

	<u>2012</u>	<u>2011</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
<b>Revenues:</b>				
State passed through local school	\$ 4,047,787	\$ 4,464,720	\$ (416,933)	-9%
Federal passed through local school	59,556	198,696	(139,140)	-70%
Investment earnings	20,991	11,897	9,094	76%
Other revenue	346,080	314,377	31,703	10%
<b>Total revenues</b>	<u>4,474,414</u>	<u>4,989,690</u>	<u>(515,276)</u>	<u>-10%</u>
<b>Program expenses</b>	<u>4,729,058</u>	<u>4,921,809</u>	<u>(192,751)</u>	<u>-4%</u>
<b>Increase (decrease) in net assets</b>	(254,644)	67,881	(322,525)	-475%
<b>Net assets, beginning of year</b>	588,203	520,322	67,881	13%
<b>Net assets, end of year</b>	<u>\$ 333,559</u>	<u>\$ 588,203</u>	<u>\$ (254,644)</u>	<u>-43%</u>



**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**

(A NON-PROFIT ORGANIZATION)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2012**

**The Bright Futures Academy Charter School, Inc. as a Whole (Continued)**

Overall, BFA's governmental program revenues, including intergovernmental aid and fees for services, decreased in the current fiscal year from \$4,989,690 in 2011 to \$4,474,414 this year, principally based on decreases in State and Federal grant and program revenues because of reductions in State revenues due to the financial downturn. This translates to a decrease of 10.3% or \$515,276. This compares to a \$56,981 decrease in net assets in from July 1 2010 through June 30, 2011.

The cost of all governmental activities this year was \$4,729,058 compared to \$4,921,809 of last year which reflects a decrease of \$192,751 or 3.9% with no new programs added this year. Even with this small change in expenses, BFA covered this year's costs. Our analysis below separately considers the operations of governmental activities.

**The Funds of the Bright Futures Academy Charter School, Inc.**

As BFA completed the year, its general fund (as presented in the balance sheet on page 10) reported a combined fund balance of \$109,370, which is less than last year's \$288,288. The primary reasons for the General Fund's deficiency of revenues over expenditures mirror the governmental activities analysis.

*Table 3 – Condensed Statement of Revenues, Expenditures and Changes in Fund Balance*

	<u>2012</u>	<u>2011</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
Revenues	\$ 4,474,414	\$ 4,989,690	\$ (515,276)	-10.3%
Expenditures	<u>(4,653,332)</u>	<u>(4,928,010)</u>	<u>274,678</u>	-5.6%
Increase (decrease) in net assets	(178,918)	61,680	(240,598)	-15.9%
Net assets, beginning of year	<u>288,288</u>	<u>226,608</u>	<u>61,680</u>	-21.5%
Net assets, end of year	<u>\$ 109,370</u>	<u>\$ 288,288</u>	<u>\$ (178,918)</u>	-62.1%

**General Fund Budgetary Highlights**

The actual expenditures were \$128,516 more than the total final budget amount of \$4,429,414. On the other hand, resources available for expenditure were \$65,359 less than the original and final budgeted amount. As we noted earlier, revenues from State and Federal sources were less than expected.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
 (A NON-PROFIT ORGANIZATION)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2012**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of current fiscal year, the Bright Futures Academy Charter School, Inc. had \$228,388 invested in a broad range of capital assets, including leasehold improvements and educational furnishings and equipment (See *Table 4* below.) There was no additions during the year but the net book value decreased by \$98,992, or 28.2 percent over last year due to the depreciation for the year.

*Table 4 - Capital Assets*

	<u>2012</u>	<u>2011</u>
Leashold improvements	\$ 538,105	\$ 538,105
Furniture, fixtures and equipment	310,890	310,890
Computer software	<u>67,436</u>	<u>67,436</u>
<b>Total Capital Assets</b>	<b>916,431</b>	<b>916,431</b>
Accumulated depreciation	<u>(664,274)</u>	<u>(565,282)</u>
<b>Net Capital Assets</b>	<b><u>\$ 252,157</u></b>	<b><u>\$ 351,149</u></b>

**Long-Term Liabilities**

At the end of the 2011 fiscal year, the Bright Futures Academy Charter School, Inc. held various mortgages and other long-term debt, which totaled \$428,124. During the 2012 fiscal year, these debts were substantially extinguished and BFA currently has only \$27,967 in total long-term liabilities.

**Economic Factors**

BFA is searching for outside financing via the issuance of a bond which will allow for the purchase of at least one of its campuses and the prospects of expanding on that facility.

**Request for Information**

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Executive Director, of Bright Futures Academy Charter School, Inc., 10300 Riverside Drive, Palm Beach Gardens, Florida 33410.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A Nonprofit Organization)  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Cash	\$ 67,495
Interest receivable	1,079
Deposits receivable	55,446
Prepaid expense	34,171
Capital assets, net	<u>252,156</u>
Total assets	<u>410,347</u>
<b>LIABILITIES</b>	
Accounts payable	48,821
Notes payable - due within one year	23,768
Notes payable - due in more than one year	<u>4,199</u>
Total liabilities	<u>76,788</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	228,388
Unrestricted	<u>105,171</u>
Total net assets	<u>\$ 333,559</u>

See notes to basic financial statements.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**

(A Nonprofit Organization)

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 2,126,893	\$ -	\$ 59,556	\$ -	\$ (2,067,337)
Pupil Personnel services	238,098	-	-	-	(238,098)
Instructional and curriculum development	123,985	-	-	-	(123,985)
Instructional staff training	1,000	-	-	-	(1,000)
Board expenses	24,137	-	-	-	(24,137)
General administration	75,042	-	-	-	(75,042)
School administration	547,851	-	-	-	(547,851)
Facilities acquisition & construction	642,513	-	-	223,918	(418,595)
Pupil transportation	169,633	-	-	-	(169,633)
Operation of plant	479,576	-	-	-	(479,576)
Maintenance of plant	6,527	-	-	-	(6,527)
Fiscal Services	109,542	-	-	-	(109,542)
Community services	171,210	346,080	-	-	174,870
Interest on long term debt	13,051	-	-	-	(13,051)
<b>Total governmental activities</b>	<b>\$ 4,729,058</b>	<b>\$ 346,080</b>	<b>\$ 59,556</b>	<b>\$ 223,918</b>	<b>(4,099,504)</b>
<b>General Revenues</b>					
State through local school district					3,823,869
Interest income					20,991
Total General Revenues					3,844,860
<b>Change in net assets</b>					(254,644)
Net assets, beginning of the year					588,203
Net assets, end of the year					<u>\$ 333,559</u>

See notes to basic financial statements.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
 (A Nonprofit Organization)  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash	\$ 67,495	\$ 67,495
Interest receivable	1,079	1,079
Deposit receivable	55,446	55,446
Prepaid expense	34,171	34,171
<b>TOTAL ASSETS</b>	<b><u>\$ 158,191</u></b>	<b><u>\$ 158,191</u></b>
 <b>LIABILITY AND FUND BALANCE</b>		
Liability:		
Accounts payable	<u>48,821</u>	<u>48,821</u>
Total liabilities	<u>48,821</u>	<u>48,821</u>
Fund balance:		
Unassigned	<u>109,370</u>	<u>109,370</u>
Total fund balances	<u>109,370</u>	<u>109,370</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 158,191</u></b>	<b><u>\$ 158,191</u></b>

See notes to basic financial statements.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A Nonprofit Organization)  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012**

Fund balances - Governmental Funds (Page 11)	\$ 109,370
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Governmental capital assets	916,431
Less accumulated depreciation	(664,275)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
Governmental note payable	<u>(27,967)</u>
Net assets of governmental activities (Page 8)	<u>\$ 333,559</u>

See notes to basic financial statements.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A Nonprofit Organization)  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Major General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Federal passed through local school district	\$ 59,556	\$ -	\$ 59,556
State passed through local school district	3,823,869	223,918	4,047,787
Interest income	20,991	-	20,991
Other revenue	346,080	-	346,080
<b>TOTAL REVENUES</b>	<u>4,250,496</u>	<u>223,918</u>	<u>4,474,414</u>
<b>EXPENDITURES</b>			
Instruction	2,112,124	-	2,112,124
Pupil personnel services	238,098	-	238,098
Instructional and curriculum development	123,985	-	123,985
Instructional staff training	1,000	-	1,000
Board expenses	24,137	-	24,137
General administration	75,042	-	75,042
School administration	544,959	-	544,959
Facilities acquisition & construction	339,449	223,918	563,367
Pupil transportation	169,633	-	169,633
Operation of plant	477,391	-	477,391
Maintenance of plant	6,527	-	6,527
Fiscal services	109,542	-	109,542
Community services	171,210	-	171,210
Debt service			
Debt principal	23,266	-	23,266
Interest	13,051	-	13,051
<b>TOTAL EXPENDITURES</b>	<u>4,429,414</u>	<u>223,918</u>	<u>4,653,332</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(178,918)	-	(178,918)
<b>FUND BALANCES, BEGINNING</b>	<u>288,288</u>	<u>-</u>	<u>288,288</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 109,370</u>	<u>\$ -</u>	<u>\$ 109,370</u>

See notes to basic financial statements.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A Nonprofit Organization)  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2012**

Net change in fund balances - governmental funds (Page 12)	\$ (178,918)
 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.	
Current year depreciation	(98,992)
Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Assets	<u>23,266</u>
Change in Net Assets of Governmental Activities (Page 9)	<u>\$ (254,644)</u>

See notes to basic financial statements.



**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Bright Futures Academy Charter School, Inc. ("BFA") represents the merger of Academy For International Studies, Inc. into Bright Futures International, Inc., effective July 1, 2009. Bright Futures International, Inc. then made a legal name change to Bright Futures Academy Charter School, Inc. The prior fund balances were combined for this presentation.

BFA operates as a Charter School pursuant to a Charter School Contract (the "Contract") with the School District of Palm Beach County, Florida (the "District"). Under the Contract, BFA provides an elementary school and middle school education to children who reside in Palm Beach County. The governing body of BFA is the Board of Directors, which is composed of eight members.

The general operating authority of BFA is contained in Section 1002.33, Florida Statutes. Effective July 1, 2008, BFA's Charter was renewed for a term of 15 years through June 30, 2023. The charter was 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 BFA 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 BFA'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 BFA is financially accountable and other organizations for which the nature and significance of their relationship with BFA are such that exclusion would cause BFA's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of BFA. BFA is a component unit of the District.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of BFA. For the most part, the effect of inter-fund activity has been removed from these statements. Both statements report only governmental activities as BFA does not engage in any business type activities.

Net assets, the difference between assets and liabilities, a presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, restricted net assets; and unrestricted net assets.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-wide and Fund Financial Statements**

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 demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*. GASB Statement 54 establishes the following classification 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 that are not expected to be converted to cash. The nonspendable fund balance includes prepaid expenses and deposits.
- **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 School's highest level of decision-making authority. Commitments may be changed or lifted only by the School taking the same formal action that imposed the constraint originally.
- **Assigned fund balance** comprises amounts intended to be used by the School 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.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-wide and Fund Financial Statements**

- **Unassigned fund balance** is the residual classification for the general fund and includes all amount not contained in the other classifications. Unassigned amounts are technically available for any purposes. If another governmental fund has a 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 reported detailed information about BFA'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. A reconciliation is provided that converts the result of governmental fund account to the government-wide presentation.

**C. 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, BFA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

BFA reports the following governmental fund:

The *general fund* is the general operating fund of BFA. It is used to account for all financial resources not required to be accounted for in another fund.

The *capital projects fund* is used to account for the proceeds of Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**

(A NONPROFIT ORGANIZATION)

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgetary Basis of Accounting**

BFA's annual budgets are adopted for the entire operations for BFA 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 the excess of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

**E. Assets, Liabilities and Net Assets of Equity**

***Cash***

Cash is made up of cash on hand at BFA and/or checking accounts held at a financial institution.

***Capital assets***

Capital assets, which include property, plant and equipment, are reported in the applicable columns on the government-wide financial statements. Capital assets are defined by BFA as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than a 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.

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

<u>Assets</u>	<u>Years</u>
Furniture and Office equipment	10
Leasehold improvements	5 - 32
Transportation equipment	5
Computer equipment	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.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Revenue sources**

Revenues for current operations are received primarily from the State of Florida passed through the District to BFA pursuant to the funding provisions included in BFA's charter. In accordance with the funding provisions of the Charter and Section 1002.33(18), Florida Statutes, BFA reports the number of full-time equivalent (FTE) students and related data to the District. Under the provision 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 Educational Finance Program (FEFP). Funding for BFA's is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by BFA during designated FTE student survey periods.

BFA receives federal awards for the enhancement of various education 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.

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Income Taxes**

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

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**

(A NONPROFIT ORGANIZATION)

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**NOTE 2. CONCENTRATION RISK**

As stated in Note 1F, BFA 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>Source</u>	<u>Amount</u>
State funding through local district	\$ 4,047,787
Federal passed-through local district	59,556
Public Safety	<u>367,071</u>
Total	<u>\$ 4,474,414</u>

**NOTE 3. CASH, EQUITY IN POOLED CASH AND INVESTMENTS**

Under Chapter 280, Florida Statutes, BFA's deposits must be placed in banks and savings and loans which are qualified as public depositories. BFA maintains cash deposits at a bank in Florida. Deposit at the bank are insured by Federal Depositor Insurance ("FDIC") up to \$250,000 through December 31, 2013. Monies deposited in amounts greater than the insurance coverage are secured by the bank pledging securities with the State Treasurer and collateral pool. As of June 30, 2012, there were no uninsured deposit balances.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
<b>Cost</b>				
Leasehold improvements	\$ 538,105	\$ -	\$ -	\$ 538,105
Furniture, fixtures and equipment	304,390	-	-	304,390
Vehicles	6,500	-	-	6,500
Computer software	<u>67,436</u>	-	-	<u>67,436</u>
Total capital assets being depreciated	<u>916,431</u>	-	-	<u>916,431</u>
<b>Less accumulated depreciation for:</b>				
Leasehold improvements	(261,871)	(79,146)	-	(341,017)
Furniture, fixtures and equipment	(229,853)	(19,468)	-	(249,321)
Vehicles	(6,500)	-	-	(6,500)
Computer software	<u>(67,058)</u>	<u>(378)</u>	-	<u>(67,436)</u>
Total accumulated depreciation	<u>(565,282)</u>	<u>(98,992)</u>	-	<u>(664,274)</u>
<b>Capital assets, net</b>	<u>\$ 351,149</u>	<u>\$ (98,992)</u>	<u>\$ -</u>	<u>\$ 252,157</u>

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the following functions and programs:

Instruction	\$ 14,769
School Administraton	2,892
Facilities	79,146
Operations	<u>2,185</u>
<b>Total</b>	<b>\$ <u>98,992</u></b>

**NOTE 5. LONG-TERM DEBT**

Notes payable at June 30, 2012 is payable to a Contractor bearing interest of 10% with 60 equal monthly payments of principal and interest of \$2,125 beginning on July 8, 2009 and is unsecured.

The annual requirements to pay principal and interest on the outstanding obligations at September 30, 2011 are as follows:

<b>Year ending June 30,</b>	
2013	\$ 23,770
2014	<u>4,197</u>
<b>Total</b>	<b>\$ <u>27,967</u></b>

Interest expense of \$29,903 for the year ended June 30, 2012, included interest payments for bank loans paid off during the year.

***Changes in Long-term Liabilities***

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u>	<u>One Year</u>
Note payable - Contractor	\$ 49,483	\$ -	\$ (21,516)	\$ 27,967	\$ 4,199
Note payable - Bank 1	327,065	-	(327,065)	-	-
Note payable - Bank 2	51,576	-	(51,576)	-	-
<b>Total</b>	<b>\$ 428,124</b>	<b>\$ -</b>	<b>\$ (400,157)</b>	<b>\$ 27,967</b>	<b>\$ 4,199</b>

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 6. DEFINED CONTRIBUTION PLAN**

BFA offers a defined contribution plan named Bright Futures Academy Charter School, Inc. 401(k) Plan. To be eligible to participate in the plan, participants must be at least 21 years old and have completed 1 year of service with BFA in which he/she worked at least 1000 hours. Participants can elect to contribute up to 100% of their salary, subject to annual IRS limitations. BFA may make a discretionary contribution at the end of each plan year. For the year ended June 30, 2012, BFA made no contribution to the Plan.

**NOTE 7. COMMITMENTS**

BFA leased property during the year for its administrative and classroom space under various non-cancelable operating leases, wherein the longer term will expire on July 1, 2013. In addition, BFA leased telephones and copiers in the ordinary course of business. Total rent expenses for the year ended June 30, 2012 was \$492,397.

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

	<u>Premises</u>	<u>Equipment</u>	<u>Total</u>
<b>June 30:</b>			
2013	\$ 435,614	\$ 10,469	\$ 446,083
2014	-	3,240	3,240
2015	-	2,991	2,991
2016	-	2,243	2,243
2017	-	1,991	1,991

**NOTE 8. RISK MANAGEMENT**

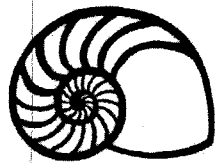
BFA is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. BFA purchases commercial insurance for all material risks of loss to which BFA is exposed, including general liability, property and workers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

**NOTE 9. SUBSEQUENT EVENTS**

BFA's management is currently working on a project to purchase a property and to re-configure the buildings to a school facility to consolidate all three campuses. The school acquisition and building alteration project's total cost is estimated at \$ 8.5 million. Different financing options are being considered to utilize the most cost effective repayment terms. As of September 28, 2012, the date that the financial statements are available to be issued, specific terms for the project have not been decided. Each of the options under serious consideration are viewed as workable under current enrollment and funding levels. The school's current campus leases will expire on July 1, 2013 unless extended by the school.



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**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A Nonprofit Organization)  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2012**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Federal passed through local school district	\$ 59,556	\$ 59,556	\$ -
State passed through local school district	3,745,344	3,823,869	(78,525)
Interest income	21,000	20,991	9
Other revenue	489,955	346,080	143,875
<b>TOTAL REVENUES</b>	<u>4,315,855</u>	<u>4,250,496</u>	<u>(65,359)</u>
<b>EXPENDITURES</b>			
Instruction	2,098,253	2,112,124	(13,871)
Pupil personnel services	238,158	238,098	60
Instructional and curriculum development	124,252	123,985	267
Instructional staff training	1,000	1,000	-
Board expenses	23,605	24,137	(532)
General administration	-	75,042	(75,042)
School administration	544,985	544,959	26
Facilities acquisition & construction	325,505	339,449	(13,944)
Pupil transportation	169,281	169,633	(352)
Operation of plant	468,201	477,391	(9,190)
Maintenance of plant	6,500	6,527	(27)
Fiscal services	108,469	109,542	(1,073)
Community services	144,689	171,210	(26,521)
Debt service			
Debt principal	35,000	23,266	11,734
Interest	13,000	13,051	(51)
<b>TOTAL EXPENDITURES</b>	<u>4,300,898</u>	<u>4,429,414</u>	<u>(128,516)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ 14,957</u>	(178,918)	<u>\$ (193,875)</u>
<b>FUND BALANCES, BEGINNING</b>		<u>288,288</u>	
<b>FUND BALANCES, ENDING</b>		<u>\$ 109,370</u>	

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
(A NONPROFIT ORGANIZATION)  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**JUNE 30, 2012**

**NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

1. Annual budgets are adopted for all of Bright Futures Academy ("BFA") Charter School funds which are governmental funds. All governmental fund budgets are maintained on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States, except for encumbrances, which are purchase orders and contracts issued for goods and services not received at year end. For budgetary purposes, significant encumbrances outstanding at year end are re-appropriated in the subsequent year's budget. Unencumbered appropriations lapse at year-end.
2. The Charter Schools' budget is approved by the Board of Directors. The adopted budgets are integrated into the accounting software system effective July 1st. The budgets establish the legal authority to incur expenditures up to the appropriated amount for each line item.
4. The adopted budgets may be amended as follows:
  - a. The Chief Executive Officer or his designee and the Principals approve line item adjustments within a school site or school function.
  - b. The Board of Directors approves budget adjustments that transfer monies from fund to fund or interdepartmentally.
  - c. The Board of Directors may approve supplemental appropriations of revenues and expenditures. If this is done, the adoption of an amended budget resolution is required.
5. The final budgets include the supplemental appropriations, which have the effect of adjusting the original adopted budgets. There was no supplemental appropriation during the fiscal year ended June 30, 2012.



**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 of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the basic financial statements of Bright Futures Academy Charter School, Inc. ("BFA", a Nonprofit Organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 24, 2012. 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 of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered BFA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BFA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BFA's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant 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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BFA'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*.

This report is intended solely for the information and use of management, the Board of Directors, and others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

West Palm Beach, Florida  
September 24, 2012

*TCSA Water Price LLP*



**INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Board of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the financial statements of the Bright Futures Academy Charter School, Inc. ("BFA", a Nonprofit Organization), as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated September 24, 2012.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 24, 2012, 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 or schedule:

- 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 findings and recommendations made in the preceding annual financial audit report. In connection with our audit, there were no such findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(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(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is *Bright Futures Academy Charter School, Inc.*
- Section 10.854(1)(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. In connection with our audit, we determined that the *Bright Futures Academy Charter School, Inc.* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor BFA's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 solely for the information and use of management, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

North Palm Beach, Florida  
September 24, 2012

*TCBA Water Pipe LLP*

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**Recommendation and Management Responses**  
**June 20, 2012**

**I. Current Year Recommendation**

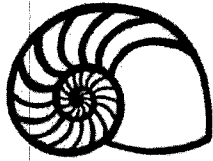
None.

**II. Prior Year Recommendation**

None.



- *End of Report* -



***BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.***

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

***Year Ended June 30, 2011***

**Bright Futures Academy Charter School, Inc.**

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Bright Futures Academy Charter School, Inc. ("BFA"), a Charter School, as of and for the year ended June 30, 2011, which collectively comprises Bright Futures Academy Charter School, Inc.'s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Management of BFA. Our responsibility is to express an opinion 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of BFA as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011, on our consideration of BFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, regulatory agencies of federal and state governments and the School Board of Palm Beach County. It is not intended to be and should not be used by anyone other than these specified parties.

*Infante Company*

September 28, 2011  
Hollywood, FL

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

Our discussion and analysis of the Bright Futures Academy Charter School, Inc.'s ("BFA") financial program provides an overview of BFA's financial activities for the year ended June 30, 2011. Bright Futures Academy Charter School, Inc. ("BFA") represents the merger of Academy For International Studies, Inc. into Bright Futures International, Inc., effective July 1, 2009. Bright Futures International, Inc. then made a legal name change to Bright Futures Academy Charter School, Inc.

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

For financial statement purposes, BFA is considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. BFA 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 BFA by providing information on inflows and outflows of spendable resources, while the Statement of Net Assets and the Statement of Activities provide information on the activities of BFA.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of BFA'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 Assets* presents information on all of BFA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of BFA 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 BFA'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

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

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 BFA'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 13-21 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of BFA's financial position. BFA's assets exceeded liabilities by \$588,203 and \$520,322 at June 30, 2011 and 2010, respectively.

	<b>NET ASSETS</b>		
	<u>2011</u>	<u>2010</u>	<u>Variances</u>
Current assets	\$ 289,546	\$ 275,320	\$ 14,226
Capital assets	351,149	422,356	(71,207)
Other assets	<u>376,890</u>	<u>376,890</u>	-
Total assets	<u>\$1,017,585</u>	<u>\$ 1,074,566</u>	<u>\$ (56,981)</u>
Current liabilities	\$ 401,393	\$ 128,205	\$ 273,188
Non-current liabilities	<u>27,989</u>	<u>426,039</u>	<u>(398,050)</u>
Total liabilities	<u>429,382</u>	<u>554,244</u>	<u>(124,862)</u>
Net assets			
Investment in Capital Assets net of related debt	\$ 299,915	422,356	\$ (122,441)
Unrestricted	<u>288,288</u>	<u>97,966</u>	<u>190,322</u>
Total Net Assets	<u>588,203</u>	<u>520,322</u>	<u>\$ 67,881</u>
Total liabilities and net assets	<u>\$1,017,585</u>	<u>\$ 1,074,566</u>	<u>\$ (56,981)</u>

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Revenues for governmental activities totaled \$4,989,690 and \$4,418,297 for the years ended June 30, 2011 and 2010, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 84% and 83% for the years ended June 30, 2011 and 2010, respectively.

<u>Revenue Source</u>	<u>2011</u>	<u>2010</u>	<u>Variance</u>
State passed through local school	\$ 4,464,720	\$ 4,035,820	\$ 428,900
Federal passed through local schools	198,696	76,667	122,029
Investment earnings	11,897	11,948	(51)
Other Revenue	<u>314,377</u>	<u>293,862</u>	<u>20,515</u>
Total	<u>\$ 4,989,690</u>	<u>\$ 4,418,297</u>	<u>\$ 571,393</u>

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

	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Instruction	\$ 2,570,282	\$ 2,483,717	\$ 86,565
Pupil personnel services	79,427	803	78,624
Instructional media services	54	155	(101)
Instruction and curriculum	50,732	64,920	(14,188)
Instructional staff training	3,047	1,062	1,985
Board expenses	23,895	14,640	9,255
General administration	83,659	-	83,659
School administration	652,503	731,787	(79,284)
Facilities acquisition & construction	595,357	563,771	31,586
Fiscal services	89,242	80,582	8,660
Pupil transportation	97,219	14,667	82,552
Operation of plant	457,512	312,456	145,056
Maintenance of plant	19,444	25,724	(6,280)
Community services	172,856	105,343	67,513
Interest on long-term debt	<u>26,580</u>	<u>32,999</u>	<u>(6,419)</u>
Totals	<u>\$ 4,921,809</u>	<u>\$ 4,432,626</u>	<u>\$ 489,183</u>



**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>	<u>Variences</u>
Revenues	\$ 4,989,690	\$ 4,418,297	\$ 571,393
Expenditures	<u>(4,928,010)</u>	<u>(4,408,359)</u>	<u>(519,651)</u>
Change in fund balance	<u>\$ 61,680</u>	<u>\$ 9,938</u>	<u>\$ 51,742</u>
Fund balance, beginning of year	<u>\$ 226,608</u>	<u>\$ 216,670</u>	<u>\$ 9,938</u>
Fund balance, end of year	<u>\$ 288,288</u>	<u>\$ 226,608</u>	<u>\$ 61,680</u>

**CURRENT YEAR VS PRIOR YEAR RESULTS**

The 2010-2011 school year was the ninth year that BFA enrolled students. Total revenue was \$4,989,690 and \$4,418,297 for the years ended June 30, 2011 and 2010, respectively. The increase in revenue was the result of BFA increasing its FTE and thereby receiving additional FEFP funds in the current year. In addition, BFA received an Education Jobs Grant in 2011 that was not received in 2010. Total expenses were \$4,921,809 and \$4,432,626 for the years ended June 30, 2011 and 2010, respectively. The \$498,183 increase in expenses is primarily attributable to an increase in staffing in the pupil transportation, plant operation and basic instruction functions.

**DEBT ADMINISTRATION**

BFA continued to pay down debt during the year ended June 30, 2011. BFA's non-current liabilities amounted to \$428,124 and \$505,532 at June 30, 2011 and 2010, respectively. Additional information of BFA's long-term obligations can be found in Note H on pages 20-21 of the financial statements.

**BUDGETARY HIGHLIGHTS**

Actual revenue was \$83,259 more than budgeted. BFA budgeted FEFP funds net of the administrative fee when they are recorded on the books gross of the administrative fee. This is the main contributing factor to the variance between budgeted and actual expenses as well.

**PROSPECTS FOR THE FUTURE**

BFA is searching for outside financing via the issuance of a bond which will allow for the purchase of at least one of its campuses and the prospects of expanding on that facility as well.

**Bright Futures Academy Charter School, Inc.**  
**Statement of Net Assets**  
**June 30, 2011**

		Governmental Activities
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	120,701
Interest receivable		10,576
Deposits receivable		105,446
Prepaid expense		52,823
Total current assets		289,546
<b>CAPITAL ASSETS</b>		
Capital Assets, Net of Accumulated Depreciation		
Furniture, fixtures and equipment		351,149
Total capital assets		351,149
<b>OTHER ASSETS</b>		
Cash - restricted		376,890
Total other assets		376,890
Total assets	\$	1,017,585
<b>LIABILITIES</b>		
Accounts payable	\$	1,258
Non-current liabilities		
Notes payable - current portion		400,135
Notes payable - long term portion		27,989
Total liabilities		429,382
<b>NET ASSETS</b>		
Investment in Capital Assets, net of related debt		299,915
Unrestricted		288,288
Total net assets		588,203
Total liabilities and net assets	\$	1,017,585

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

**Bright Futures Academy Charter School, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

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					
Instruction	\$ 2,570,282	\$ -	\$ 104,484	\$ -	\$ (2,465,798)
Pupil personnel services	79,427	-	-	-	(79,427)
Instructional media services	54	-	-	-	(54)
Instructional and curriculum development	50,732	-	26,235	-	(24,497)
Instructional staff training	3,047	-	-	-	(3,047)
Board expenses	23,895	-	-	-	(23,895)
General administration	83,659	-	-	-	(83,659)
School administration	652,503	-	46,911	-	(605,592)
Facilities acquisition & construction	595,357	-	-	260,436	(334,921)
Pupil transportation	97,219	-	13,456	-	(83,763)
Operation of plant	457,512	-	7,610	-	(449,902)
Maintenance of plant	19,444	-	-	-	(19,444)
Fiscal services	89,242	-	-	-	(89,242)
Community services	172,856	304,011	-	-	131,155
Interest on long-term debt	26,580	-	-	-	(26,580)
Total governmental activities	\$ 4,921,809	\$ 304,011	\$ 198,696	\$ 260,436	(4,158,666)

General Revenues	
State through local school district	4,204,284
Investment earnings	11,897
Miscellaneous revenues	10,366
Total General Revenues	4,226,547
Change in net assets	67,881
Net assets, July 1, 2010	520,322
Net assets, June 30, 2011	\$ 588,203

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

**Bright Futures Academy Charter School, Inc.**  
**Balance Sheet - Governmental Funds**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash	\$ 120,701	\$ -	\$ -	\$ 120,701
Interest receivable	10,576			10,576
Deposits receivable	105,446			105,446
Prepaid expense	52,823			52,823
Restricted cash	-			-
Total Assets	\$ 289,546	\$ -	\$ -	\$ 289,546
<b>LIABILITIES</b>				
Accounts payable	\$ 1,258	\$ -	\$ -	\$ 1,258
Total Liabilities	1,258	-	-	1,258
<b>FUND BALANCES</b>				
Nonspendable	158,269	-	-	158,269
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	130,019	-	-	130,019
Total Fund Balances	288,288	-	-	288,288
Total Liabilities and Fund Balances	\$ 289,546	\$ -	\$ -	\$ 289,546

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

**Bright Futures Academy Charter School, Inc.**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2011**

Fund Balance - Governmental Funds	\$	288,288
Restricted cash is not available to pay for current period expenditures and, therefore, are not reported in the funds		376,890
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 916,431	
Less accumulated depreciation	<u>(565,282)</u>	
		351,149
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 Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities.		<u>(428,124)</u>
Net Assets of Governmental Activites	\$	<u><u>588,203</u></u>

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

**Bright Futures Academy Charter School, Inc.**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Federal passed through local school district	\$ -	\$ 198,696	\$ -	\$ 198,696
State passed through local school district	4,204,284	-	260,436	4,464,720
Interest income	11,897	-	-	11,897
Other revenue	314,377	-	-	314,377
<b>TOTAL REVENUES</b>	<b>4,530,558</b>	<b>198,696</b>	<b>260,436</b>	<b>4,989,690</b>
<b>EXPENDITURES/EXPENSES</b>				
Instruction	2,461,259	104,484	-	2,565,743
Pupil personnel services	79,427	-	-	79,427
Instructional media services	54	-	-	54
Instructional and curriculum development	24,497	26,235	-	50,732
Instructional staff training	3,047	-	-	3,047
Board expenses	23,895	-	-	23,895
General administration	83,659	-	-	83,659
School administration	602,894	46,911	-	649,805
Facilities acquisition & construction	273,130	-	260,436	533,566
Pupil transportation	83,763	13,456	-	97,219
Operation of plant	447,723	7,610	-	455,333
Maintenance of plant	19,444	-	-	19,444
Fiscal services	89,242	-	-	89,242
Community services	172,856	-	-	172,856
Debt service				
Debt principal	77,408	-	-	77,408
Interest	26,580	-	-	26,580
Total expenditures	<u>4,468,878</u>	<u>198,696</u>	<u>260,436</u>	<u>4,928,010</u>
Expenses over Revenues	61,680	-	-	61,680
Fund balances, July 1, 2010	<u>226,608</u>	<u>-</u>	<u>-</u>	<u>226,608</u>
Fund balances, June 30, 2011	<u>\$ 288,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,288</u>

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

**Bright Futures Academy Charter School, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**June 30, 2011**

Net Change in fund balances - governmental funds	\$	61,680
<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	\$	33,220
Less current year depreciation		(104,427)
		(71,207)
Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Assets		77,408
		77,408
Change in Net Assets of Governmental Activities	\$	67,881

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

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Bright Futures Academy Charter School, Inc. ("BFA") represents the merger of Academy For International Studies, Inc. into Bright Futures International, Inc., effective July 1, 2009. Bright Futures International, Inc. then made a legal name change to Bright Futures Academy Charter School, Inc. The prior fund balances were combined for this presentation.

BFA operates as a Charter School pursuant to a Charter School Contract ("the Contract") with the School District of Palm Beach County, Florida ("the District"). Under the Contract, BFA provides an elementary school and middle school education to children who reside in Palm Beach County. The governing body of BFA is the Board of Directors, which is composed of eight members.

The general operating authority of BFA is contained in Section 1002.33, Florida Statutes. Effective July 1, 2008, BFA's charter was renewed for a term of 15 years through June 30, 2023. The charter was 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 BFA 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 BFA'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 BFA is financially accountable and other organizations for which the nature and significance of their relationship with BFA are such that exclusion would cause BFA's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of BFA. BFA is a component unit of the District.

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



**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 BFA 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.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement 54 is effective for fiscal years ending June 30, 2011 and 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. The nonspendable fund balance includes prepaid expenses and deposits totaling \$158,269 at June 30, 2011.
- 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. There is no restricted fund balance at June 30, 2011.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. Commitments may be changed or lifted only by the School taking the same formal action that imposed the constraint originally. There is no committed fund balance at June 30, 2011.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

- Assigned fund balance - comprises amounts intended to be used by the School 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. There is no assigned fund balance at June 30, 2011.
- 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. The unassigned fund balance at June 30, 2011 is \$130,019.

Separate fund financial statements report detailed information about BFA'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 BFA'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.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

BFA'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. BFA reports the following major governmental funds:

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

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

BFA's annual budgets are adopted for the entire operations for BFA 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 the excess of revenues over expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. Cash

Cash is made up of cash on hand at BFA and/or checking accounts held at a financial institution.

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 BFA 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, 2011, BFA recorded net capital assets of \$351,149.

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

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture	10
Office equipment	10
Leasehold improvements	5-32
Transportation equipment	5
Computer Equipment	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 BFA pursuant to the funding provisions included in BFA's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, BFA 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 BFA is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by BFA during designated FTE student survey periods.

BFA 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.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

BFA adopted the provisions of FASB ASC 740 (formerly FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes* (FIN 48)). Under FASB ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ACS 740 had no impact on the Academy's financial statements. The Academy does not believe there are any uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of July 1, 2009 as a result of the adoption of FIN 48. For the years ended June 30, 2011 and 2010, no interest or penalties were recorded in BFA's financial statements.

**NOTE B - CONCENTRATIONS**

1. Revenue sources

As stated in Note A-7, BFA 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>
State funding through local district	\$ 4,464,720
Federal passed through local district	198,696
Other	326,274
	<u>\$ 4,989,690</u>

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE C – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance at June 30, 2010	Additions	Adjustments and Deletions	Balance at June 30, 2011
Capital assets depreciated:				
Leasehold improvements	\$ 520,722	\$ 17,383	\$ -	\$ 538,105
Furniture, fixtures and equipment	288,553	15,837	-	304,390
Vehicles	6,500	-	-	6,500
Computer software	67,436	-	-	67,436
Total assets depreciated	<u>\$ 883,211</u>	<u>\$ 33,220</u>	<u>\$ -</u>	<u>\$ 916,431</u>
Less Accumulated depreciation				
Leasehold improvements	\$ 182,697	\$ 79,174	\$ -	\$ 261,871
Furniture, fixtures and equipment	207,374	22,479	-	229,853
Vehicles	6,500	-	-	6,500
Computer software	64,284	2,774	-	67,058
Total assets depreciated	<u>\$ 460,855</u>	<u>\$ 104,427</u>	<u>-</u>	<u>\$ 565,282</u>
Total governmental activities				
Capital assets, net				<u>\$ 351,149</u>

Depreciation expense of \$104,427 was charged to the instruction, school administration, facilities acquisition & construction and operation of plant services functions for the year ended June 30, 2011.

**NOTE D – CASH AND RESTRICTED CASH**

Under Chapter 280, Florida Statutes, BFA's deposits must be placed in banks and savings and loans which are qualified as public depositories. BFA 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 through December 31, 2013. 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, 2011, there were no uninsured deposit balances.

Restricted cash consists of a five year certificate of deposit which matures on August 12, 2013. The certificate of deposit cost is equal to its fair market value at June 30, 2011. This certificate of deposit has been pledged as security for the repayment of a bank loan.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE E - COMMITMENTS**

BFA leased property during the year for its administrative and classroom space under various non-cancelable operating leases, which the longest term will expire July 1, 2013. In addition, BFA leased telephones and copiers in the ordinary course of business. Total rent expenses for the year ended June 30, 2011 was \$511,532.

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

	<u>Premises</u>	<u>Equipment</u>	<u>Total</u>
June 30:			
2012	\$ 492,397	\$ 19,940	\$ 512,337
2012	435,614	10,469	446,083
2013	-	3,240	3,240
2014	-	2,991	2,991
2015	-	2,243	

**NOTE F – DEFINED CONTRIBUTION PLAN**

BFA offers a defined contribution plan named Bright Futures Academy Charter School, Inc. 401(k) Plan. To be eligible to participate in the plan, participants must be at least 21 years old and have completed 1 year of service with BFA in which he/she worked at least 1000 hours. Participants can elect to contribute up to 100% of their salary, subject to annual IRS limitations. BFA may make a discretionary contribution at the end of each plan year. For the year ended June 30, 2011, BFA made no contribution to the plan.

**NOTE G - RISK MANAGEMENT**

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

**NOTE H – NOTES PAYABLE**

Notes payable at June 30, 2011 consist of:

Note payable to a Contractor bearing interest of 10% with 60 equal monthly payments of principal and interest of \$2,125 beginning July 8, 2009 and is unsecured.	\$ 49,483
---	-----------

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE H – NOTES PAYABLE (continued)**

Note payable to bank bearing interest of 5.1%, with 35 monthly payments of principal and interest of \$4,564.15 beginning September 22, 2008. The final payment is a balloon payment amount of \$325,598. The restricted certificate of deposit was pledged as collateral for this loan. \*

327,065

Note payable to bank bearing interest of 7.25% with 35 equal monthly payments of principal and interest of \$2,156.61 beginning September 22, 2008. The final payment is a balloon payment amount of \$50,146. All of the school assets are pledged for this loan excluding the certificate of deposit – restricted cash. \*

51,576

Less: Current portion of long term debt (400,135)

Long Term – Notes Payable \$ 27,989

Notes payable marked with an asterisk were scheduled to mature in August 2011. The bank allowed for a 60 day extension until mid-October.

Scheduled maturities of the School's notes payable are summarized as follows:

Year Ended December 31,	
2012	\$ 400,135
2013	23,792
2014	<u>4,197</u>
Total	\$ 428,124

Interest expense for the year ending June 30, 2011, amounted to \$26,581.

**NOTE I – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through September 28, 2011, which is the date the financial statements became available to be issued.



**REQUIRED SUPPLEMENTAL INFORMATION**

Bright Futures Academy Charter School, Inc.  
Schedule of Revenues, Expenditures and Changes  
In Fund Balances - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011  
(Unaudited)

	Governmental Funds									Totals		
	Original and Final Budget	General Fund	Variance	Original and Final Budget	Special Revenue Fund	Variance	Original and Final Budget	Capital Projects Fund	Variance	Original and Final Budget	Governmental Funds	Variance
<b>Revenues</b>												
Federal passed through local school district	\$ -	\$ -	\$ -	\$ 198,371	\$ 198,696	\$ (325)	\$ -	\$ -	\$ -	\$ 198,371	\$ 198,696	\$ (325)
State passed through local school district	4,120,262	4,204,284	(84,022)	-	-	-	260,562	260,436	126	4,380,824	4,464,720	(83,896)
Interest income	12,883	11,897	986	-	-	-	-	-	-	12,883	11,897	986
Other revenue	314,353	314,377	(24)	-	-	-	-	-	-	314,353	314,377	(24)
<b>Total revenues</b>	<b>4,447,498</b>	<b>4,530,558</b>	<b>(83,060)</b>	<b>198,371</b>	<b>198,696</b>	<b>(325)</b>	<b>260,562</b>	<b>260,436</b>	<b>126</b>	<b>4,906,431</b>	<b>4,989,690</b>	<b>(83,259)</b>
<b>Expenses</b>												
Instruction	2,465,389	2,461,259	4,130	105,000	104,484	516	-	-	-	2,570,389	2,565,743	4,646
Pupil personnel services	80,961	79,427	1,534	-	-	-	-	-	-	80,961	79,427	1,534
Instructional media services	54	54	-	-	-	-	-	-	-	54	54	-
Instructional and curriculum development	25,644	24,497	1,147	25,000	26,235	(1,235)	-	-	-	50,644	50,732	(88)
Instructional staff training	3,200	3,047	153	-	-	-	-	-	-	3,200	3,047	153
Board expenses	23,770	23,895	(125)	-	-	-	-	-	-	23,770	23,895	(125)
General administration	-	83,659	(83,659)	-	-	-	-	-	-	-	83,659	(83,659)
School administration	609,752	602,894	6,858	45,000	46,911	(1,911)	-	-	-	654,752	649,805	4,947
Facilities acquisition & construction	282,934	273,130	9,804	-	-	-	260,562	260,436	126	543,496	533,566	9,930
Pupil transportation	85,690	83,763	1,927	13,000	13,456	(456)	-	-	-	98,690	97,219	1,471
Operation of plant	462,036	447,723	14,313	10,371	7,610	2,761	-	-	-	472,407	455,333	17,074
Maintenance of plant	21,651	19,444	2,207	-	-	-	-	-	-	21,651	19,444	2,207
Fiscal services	88,977	89,242	(265)	-	-	-	-	-	-	88,977	89,242	(265)
Community services	175,803	172,856	2,947	-	-	-	-	-	-	175,803	172,856	2,947
Debt service												
Debt principal	77,310	77,408	(98)	-	-	-	-	-	-	77,310	77,408	(98)
Interest	28,802	26,580	2,222	-	-	-	-	-	-	28,802	26,580	2,222
<b>Total expenses</b>	<b>4,431,973</b>	<b>4,468,878</b>	<b>(36,905)</b>	<b>198,371</b>	<b>198,696</b>	<b>(325)</b>	<b>260,562</b>	<b>260,436</b>	<b>126</b>	<b>4,890,906</b>	<b>4,928,010</b>	<b>(37,104)</b>
<b>Revenues over Expenditures</b>	<b>\$ 15,525</b>	<b>61,680</b>	<b>\$ (46,155)</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 15,525</b>	<b>61,680</b>	<b>\$ (46,155)</b>
Fund Balance, July 1, 2010		226,608									226,608	
Fund Balance, June 30, 2011		<u>\$ 288,288</u>			<u>\$ -</u>			<u>\$ -</u>			<u>\$ 288,288</u>	

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



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**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  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the basic financial statements of the Bright Futures Academy Charter School, Inc., ("BFA") as of and for the year ended June 30, 2011, and have issued our report thereon dated September 28, 2011. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered BFA's internal control over financial reporting as a basis for designing our auditing procedures 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 BFA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BFA's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the BFA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the BFA's financial statements that is more than inconsequential will not be prevented or detected by the BFA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the BFA's internal control.

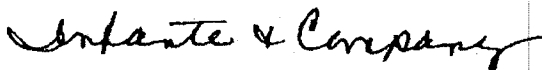
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BFA'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*.

We noted certain matters that we reported to management of BFA, in a separate letter dated September 28, 2011.

This report is intended solely for the information and use of the Board of Directors, management, regulatory agencies of federal and state governments and the School Board of Palm Beach County. It is not intended to be and should not be used by anyone other than these specified parties.



September 28, 2011  
Hollywood, Florida



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## MANAGEMENT LETTER

To the Board of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the basic financial statements of the Bright Futures Academy Charter School, Inc. ("BFA") as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 28, 2011.

We issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters dated September 28, 2011. Disclosures in that report, if any, should be considered in conjunction with this management letter.

The discussion required by the rules of the Auditor General follows:

1. No recommendations were made or violations reported in the preceding annual financial audit report.
2. There were no violations of laws, rules, regulations, and contractual provisions that: (1) have occurred, or are likely to have occurred and (2) were discovered within the scope of the financial audit; and (3) may or may not have materially affected the financial statements.
3. There are no recommendations to improve the charter school's present financial management, accounting procedures and internal controls for the current year.
4. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
5. There were no matters requiring correction which may or may not materially affect the financial statements reported on, including, but not limited to:
  - Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
  - Failures to properly record financial transactions.

- Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.
- 6. The official title of BFA is *Bright Futures Academy Charter School, Inc.*, which is a component unit of the School District of Palm Beach County, which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Act, and Section 228.056, Florida Statutes.
- 7. We applied financial condition assessment procedures pursuant to Rule 10.855(10).
- 8. In connection with our audit, we determined that the Bright Futures Academy Charter School, Inc. did not meet the condition described in Section 218.503(1) and, therefore, no financial emergency will be reported.

This management letter is intended for the information of the Bright Futures Academy Charter School, Inc.'s management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

*Infante & Company*

September 28, 2011  
Hollywood, Florida

***BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.***

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

***Year Ended June 30, 2010***

**Bright Futures Academy Charter School, Inc.**

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Bright Futures Academy Charter School, Inc. ("BFA"), a Charter School, as of and for the year ended June 30, 2010, which collectively comprises Bright Futures Academy Charter School, Inc.'s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Management of BFA. Our responsibility is to express an opinion 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of BFA as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010, on our consideration of BFA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, regulatory agencies of federal and state governments and the School Board of Palm Beach County. It is not intended to be and should not be used by anyone other than these specified parties.

*Infante & Company*

September 28, 2010  
Hollywood, FL

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

Our discussion and analysis of the Bright Futures Academy Charter School, Inc.'s ("BFA") financial program provides an overview of BFA's financial activities for the year ended June 30, 2010. Bright Futures Academy Charter School, Inc. ("BFA") represents the merger of Academy For International Studies, Inc. into Bright Futures International, Inc., effective July 1, 2009. Bright Futures International, Inc. then made a legal name change to Bright Futures Academy Charter School, Inc.

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

For financial statement purposes, BFA is considered a component unit of the School District of Palm Beach County, which is a primary government entity for financial reporting. BFA 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 BFA by providing information on inflows and outflows of spendable resources, while the Statement of Net Assets and the Statement of Activities provide information on the activities of BFA.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of BFA'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 Assets* presents information on all of BFA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of BFA 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.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

*Governmental Funds* - All of BFA'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 BFA'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 13-19 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of BFA's financial position. BFA's assets exceeded liabilities by \$520,322 and \$534,651 at June 30, 2010 and 2009, respectively.

	<b>NET ASSETS</b>		
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>Variances</b></u>
Current assets	\$ 275,320	\$ 288,859	\$ (13,539)
Capital assets	422,356	517,664	(95,308)
Other assets	<u>376,890</u>	<u>376,890</u>	<u>-</u>
Total assets	<u>\$ 1,074,566</u>	<u>\$ 1,183,413</u>	<u>\$ (108,847)</u>
Current liabilities	\$ 128,205	\$ 72,189	\$ 56,016
Non-current liabilities	<u>426,039</u>	<u>576,573</u>	<u>(150,534)</u>
Total liabilities	<u>554,244</u>	<u>648,762</u>	<u>(94,518)</u>
Net assets			
Investment in Capital Assets	\$ 422,356	517,664	\$ (95,308)
Unrestricted	<u>97,966</u>	<u>16,987</u>	<u>80,979</u>
Total Net Assets	<u>520,322</u>	<u>534,651</u>	<u>\$ (14,329)</u>
Total liabilities and net assets	<u>\$ 1,074,566</u>	<u>\$ 1,183,413</u>	<u>\$ (108,847)</u>

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Revenues for governmental activities totaled \$4,418,297 and \$4,001,048 for the years ended June 30, 2010 and 2009, respectively. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 84% and 83% for the years ended June 30, 2010 and 2009, respectively.

<u>Revenue Source</u>	<u>2010</u>	<u>2009</u>	<u>Variance</u>
State passed through local school	\$ 4,035,820	\$ 3,610,524	\$ 425,296
Federal passed through local schools	76,667	78,054	(1,387)
Investment earnings	11,948	13,955	(2,007)
Other Revenue	293,862	298,515	(4,653)
Total	<u>\$ 4,418,297</u>	<u>\$ 4,001,048</u>	<u>\$ 417,249</u>

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

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Instruction	\$ 2,483,717	\$ 2,278,209	\$ 205,508
Pupil personnel services	803	625	178
Instructional media services	155	-	155
Instruction and curriculum	64,920	47,764	17,156
Instructional staff training	1,062	296	766
Board expenses	14,640	3,399	11,241
General administration	-	157,889	(157,889)
School administration	731,787	659,576	72,211
Facilities acquisition & construction	563,771	610,833	(47,062)
Fiscal services	80,582	139,620	(59,038)
Food services	-	5,968	(5,968)
Pupil transportation	14,667	17,518	(2,851)
Operation of plant	312,456	295,516	16,940
Maintenance of plant	25,724	5,040	20,684
Community services	105,343	7,583	97,760
Internal accounts	-	137,123	(137,123)
Interest on long-term debt	32,999	-	32,999
Totals	<u>\$ 4,432,626</u>	<u>\$ 4,366,959</u>	<u>\$ 65,667</u>

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>	<u>Variances</u>
Revenues	\$ 4,418,297	\$ 4,001,048	\$ 417,249

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**FUND FINANCIAL ANALYSIS (continued)**

Expenditures	(4,408,359)	(5,024,260)	615,901
Debt Issuance	<u>-</u>	<u>636,490</u>	<u>(636,490)</u>
Change in fund balance	<u>\$ 9,938</u>	<u>\$ (386,722)</u>	<u>\$ 396,660</u>
Fund balance, beginning of year	<u>\$ 216,670</u>	<u>\$ 603,392</u>	<u>\$ (386,722)</u>
Fund balance, end of year	<u>\$ 226,608</u>	<u>\$ 216,670</u>	<u>\$ 9,938</u>

**CURRENT YEAR VS PRIOR YEAR RESULTS**

The 2009-2010 school year was the ninth year that BFA enrolled students. Total revenue was \$4,418,297 and \$4,001,048 for the years ended June 30, 2010 and 2009, respectively. The increase in revenue was the result of BFA increasing its FTE and thereby receiving additional FEFP and capital outlay funds in the current year. Total expenses were \$4,432,626 and \$4,366,959 for the years ended June 30, 2010 and 2009, respectively. The \$65,667 increase in expenses is primarily attributable to an increase in basic instruction expenses, school administration and operating plant.

**DEBT ADMINISTRATION**

BFA incurred new long-term debt of \$636,490 during the year ended June 30, 2009 which was used to make significant improvements to the new school facilities and install new computer equipment. BFA's long-term liabilities amounted to \$505,532 and \$576,574 at June 30, 2010 and 2009, respectively. Additional information of BFA's long-term obligations can be found in Note H on page 20.

**BUDGETARY HIGHLIGHTS**

Actual revenue was \$42,211 more than budgeted. BFA received more FEFP funds than budgeted as a result of a higher FTE count from when school began.

Basic instruction and school administration expenses were less than the amounts budgeted. BFA was closely monitoring its expenses during the year end June 30, 2010 and cut back as many costs as possible in order to build up net assets.

**PROSPECTS FOR THE FUTURE**

BFA is searching for outside financing via the issuance of a bond which will allow for the purchase of at least one of its campuses and the prospects of expanding on that facility as well.

**Bright Futures Academy Charter School, Inc.**  
**Statement of Net Assets**  
**June 30, 2010**

		Governmental Activities
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	47,701
Interest receivable		11,805
Deposits receivable		105,446
Due from other agencies		13,489
Prepaid expense		96,879
Total current assets		275,320
<b>CAPITAL ASSETS</b>		
Capital assets, net of accumulated depreciation		
Furniture, fixtures and equipment		422,356
Total capital assets		422,356
<b>OTHER ASSETS</b>		
Cash - restricted		376,890
Total other assets		376,890
Total assets	\$	1,074,566
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$	48,712
Notes payable - current portion		79,493
Total current liabilities		128,205
<b>NON-CURRENT LIABILITIES</b>		
Notes payable - long term portion		426,039
Total non-current liabilities		426,039
Total liabilities		554,244
<b>NET ASSETS</b>		
Investment in capital assets		422,356
Unrestricted		97,966
Restricted		-
Total net assets		520,322
Total liabilities and net assets	\$	1,074,566

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

**Bright Futures Academy Charter School, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

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					
Instruction	\$ 2,483,717	\$ 98,212	\$ 53,197	\$ -	\$ (2,332,308)
Pupil personnel services	803	-	-	-	(803)
Instructional media services	155	-	-	-	(155)
Instructional and curriculum development	64,920	-	23,470	-	(41,450)
Instructional staff training	1,062	-	-	-	(1,062)
Board expenses	14,640	-	-	-	(14,640)
School administration	731,787	-	-	-	(731,787)
Facilities acquisition & construction	563,771	-	-	309,754	(254,017)
Pupil transportation	14,667	-	-	-	(14,667)
Operation of plant	312,456	-	-	-	(312,456)
Maintenance of plant	25,724	-	-	-	(25,724)
Fiscal services	80,582	-	-	-	(80,582)
Community services	105,343	195,650	-	-	90,307
Interest on long-term debt	32,999	-	-	-	(32,999)
Total governmental activities	<u>\$ 4,432,626</u>	<u>\$ 293,862</u>	<u>\$ 76,667</u>	<u>\$ 309,754</u>	<u>(3,752,343)</u>
General Revenues					
State through local school district					3,726,066
Investment Earnings					11,948
Other Revenues					-
Total General Revenues					<u>3,738,014</u>
Change in net assets					(14,329)
Net assets, July 1, 2009					534,651
Net assets, June 30, 2010					<u>\$ 520,322</u>

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



**Bright Futures Academy Charter School, Inc.**  
**Balance Sheet - Governmental Funds**  
**June 30, 2010**

		<u>General Fund</u>
<b>ASSETS</b>		
Cash	\$	47,701
Interest receivable		11,805
Deposits receivable		105,446
Due from other agencies		13,489
Prepaid expenses		96,879
Total Assets	\$	<u><u>275,320</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$	48,712
Total Liabilities		<u>48,712</u>
<b>FUND BALANCES</b>		
Unrestricted		226,608
Restricted		<u>-</u>
Total Fund Balances		<u><u>226,608</u></u>
Total Liabilities and Fund Balances	\$	<u><u>275,320</u></u>

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

**Bright Futures Academy Charter School, Inc.**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2010**

Fund Balance - Governmental Funds	\$	226,608
Restricted cash is not available to pay for current period expenditures and, therefore, are not reported in the funds		376,890
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 883,211	
Less accumulated depreciation	<u>(460,855)</u>	422,356
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 Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities.		<u>(505,532)</u>
Net Assets of Governmental Activites	\$	<u><u>520,322</u></u>

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

**Bright Futures Academy Charter School, Inc.**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2010**

	General Fund
<b>REVENUES</b>	
Federal passed through local school district	\$ 76,667
State passed through local school district	4,035,820
Investment earnings	11,948
Other revenue	293,862
<b>TOTAL REVENUES</b>	<b>4,418,297</b>
<b>EXPENDITURES/EXPENSES</b>	
Instruction	2,461,575
Pupil personnel services	803
Instructional media services	155
Instructional and curriculum development	64,920
Instructional staff training	1,062
Board expenses	14,640
School administration	733,047
Facilities acquisition & construction	486,643
Pupil transportation	14,667
Operation of plant	315,158
Maintenance of plant	25,724
Fiscal services	80,582
Community services	105,343
Debt service	
Debt principal	71,041
Interest	32,999
Total expenditures	4,408,359
Net change in fund balance	9,938
Fund balances, July 1, 2009	216,670
Fund balances, June 30, 2010	\$ 226,608

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

**Bright Futures Academy Charter School, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**June 30, 2010**

Net Change in fund balances - governmental funds	\$	9,938
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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	\$	24,636	
Less current year depreciation		<u>(119,945)</u>	(95,309)

Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Assets		<u>71,042</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>(14,329)</u></u>
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The accompanying notes are an integral part of this financial statement.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Bright Futures Academy Charter School, Inc. ("BFA") represents the merger of Academy For International Studies, Inc. into Bright Futures International, Inc., effective July 1, 2009. Bright Futures International, Inc. then made a legal name change to Bright Futures Academy Charter School, Inc. The prior fund balances were combined for this presentation.

BFA operates as a Charter School pursuant to a Charter School Contract ("the Contract") with the School District of Palm Beach County, Florida ("the District"). Under the Contract, BFA provides an elementary school and middle school education to children who reside in Palm Beach County. The governing body of BFA is the Board of Directors, which is composed of eight members.

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

The general operating authority of BFA is contained in Section 1002.33, Florida Statutes. Effective July 1, 2008, BFA's charter was renewed for a term of 15 years through June 30, 2023. The charter was 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 BFA 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 BFA'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 BFA is financially accountable and other organizations for which the nature and significance of their relationship with BFA are such that exclusion would cause BFA's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of BFA. BFA is a component unit of the District.

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

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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 BFA 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.

Separate fund financial statements report detailed information about BFA'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 BFA'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.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

BFA'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. BFA reports the following major governmental funds:

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

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

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

4. Budgetary basis of accounting

BFA's annual budgets are adopted for the entire operations for BFA 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 the excess 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 BFA and/or checking accounts held at a financial institution.

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 BFA 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

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

6. Capital assets (continued)

Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2010, BFA recorded net capital assets of \$422,356.

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

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture	10
Office equipment	10
Leasehold improvements	5-32
Transportation equipment	5
Computer Equipment	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 BFA pursuant to the funding provisions included in BFA's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, BFA 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 BFA is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by BFA during designated FTE student survey periods.

BFA 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.



**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE B - CONCENTRATIONS**

1. Revenue sources

As stated in Note A-7, BFA 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>
State funding through local district	\$ 4,035,820
Federal passed through local district	76,667
Other	<u>305,810</u>
	<u>\$ 4,418,297</u>

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2010 was as follows:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Adjustments and Deletions</u>	<u>Balance at June 30, 2010</u>
Capital assets depreciated:				
Leasehold improvements	\$ 508,087	\$ 12,635	\$ -	\$ 520,722
Furniture, fixtures and equipment	276,552	12,001	-	288,553
Vehicles	6,500	-	-	6,500
Computer software	<u>67,436</u>	<u>-</u>	<u>-</u>	<u>67,436</u>
Total assets depreciated	<u>\$ 858,575</u>	<u>\$ 24,636</u>	<u>\$ -</u>	<u>\$ 883,211</u>
Less Accumulated depreciation				
Leasehold improvements	\$ 92,934	\$ 89,763	\$ -	\$ 182,697
Furniture, fixtures and equipment	186,398	20,976	-	207,374
Vehicles	6,500	-	-	6,500
Computer software	<u>55,078</u>	<u>9,205</u>	<u>-</u>	<u>64,284</u>
Total assets depreciated	<u>\$ 340,910</u>	<u>\$ 119,945</u>	<u>-</u>	<u>\$ 460,855</u>
Total governmental activities				
Capital assets, net				<u>\$ 422,356</u>

Depreciation expense of \$119,945 was charged to the instruction, school administration, facilities acquisition & construction and operation of plant services functions for the year ended June 30, 2010.

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE D – CASH AND RESTRICTED CASH**

Under Chapter 280, Florida Statutes, BFA's deposits must be placed in banks and savings and loans which are qualified as public depositories. BFA 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 through December 31, 2013. 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, 2010, there were no uninsured deposit balances.

Restricted cash consists of a five year certificate of deposit which matures on August 12, 2013. The certificate of deposit cost is equal to its fair market value at June 30, 2010. This certificate of deposit has been pledged as security for the repayment of a bank loan.

**NOTE E - COMMITMENTS**

BFA leased property during the year for its administrative and classroom space under various non-cancelable operating leases, which the longest term will expire July 1, 2013. In addition, BFA leased telephones and copiers in the ordinary course of business. Total rent expenses for the year ended June 30, 2010 was \$504,646.

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

	<u>Premises</u>	<u>Equipment</u>	<u>Total</u>
June 30:			
2011	\$ 473,427	\$ 29,476	\$ 502,903
2012	250,376	16,949	267,325
2013	262,895	7,478	270,373
2014	-	249	249

**NOTE F – DEFINED CONTRIBUTION PLAN**

BFA offers a defined contribution plan named Bright Futures Academy Charter School, Inc. 401(k) Plan. To be eligible to participate in the plan, participants must be at least 21 years old and have completed 1 year of service with BFA in which he/she worked at least 1000 hours. Participants can elect to contribute up to 100% of their salary, subject to annual IRS limitations. BFA may make a discretionary contribution at the end of each plan year. For the year ended June 30, 2010, BFA made no contribution to the plan.

**NOTE G - RISK MANAGEMENT**

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

**BRIGHT FUTURES ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE H – NOTES PAYABLE**

Notes payable at June 30, 2009 consist of:

Note payable to a Contractor bearing interest of 10% with 60 equal monthly payments of principal and interest of \$2,125 beginning July 8, 2009 and is unsecured.	\$ 68,960
Note payable to bank bearing interest of 5.1%, with 35 monthly payments of principal and interest of \$4,564.15 beginning September 22, 2008. The final payment is a balloon payment amount of \$325,598. The restricted certificate of deposit was pledged as collateral for this loan.	365,757
Note payable to bank bearing interest of 7.25% with 35 equal monthly payments of principal and interest of \$2,156.61 beginning September 22, 2008. The final payment is a balloon payment amount of \$50,146. All of the school assets are pledged for this loan excluding the certificate of deposit – restricted cash.	70,815
Less: Current portion of long term debt	<u>(79,493)</u>
Long Term – Notes Payable	<u>\$ 426,039</u>

Scheduled maturities of the School's notes payable are summarized as follows:

Year Ended December 31,	
2011	\$ 79,493
2012	398,415
2013	<u>27,624</u>
Total	\$ 505,532

Interest expense for the year ending June 30, 2010, amounted to \$32,999.

**NOTE I – DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through September 28, 2010, which is the date the financial statements became available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Bright Futures Academy Charter School, Inc.**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balances - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**  
**(Unaudited)**

	Governmental Funds		
	Original and Final Budget	General Fund	Variance
<b>Revenues</b>			
Federal passed through local school district	\$ 78,200	\$ 76,667	\$ 1,533
State passed through local school district	3,997,024	4,035,820	(38,796)
Investment earnings	8,500	11,948	(3,448)
Other revenue	292,362	293,862	(1,500)
<b>Total revenues</b>	<b>4,376,086</b>	<b>4,418,297</b>	<b>(42,211)</b>
<b>Expenses</b>			
Instruction	2,503,883	2,461,575	42,308
Pupil personnel services	800	803	(3)
Instructional media services	-	155	(155)
Instructional and curriculum development	1,450	64,920	(63,470)
Instructional staff training	-	1,062	(1,062)
Board expenses	100	14,640	(14,540)
School administration	809,071	733,047	76,024
Facilities acquisition & construction	466,800	486,643	(19,843)
Pupil transportation	14,700	14,667	33
Operation of plant	375,482	315,158	60,324
Maintenance of plant	25,000	25,724	(724)
Fiscal services	105,017	80,582	24,435
Community services	153,610	105,343	48,267
Debt service			
Debt principal	80,649	71,041	9,608
Interest	-	32,999	(32,999)
<b>Total expenses</b>	<b>4,536,562</b>	<b>4,408,359</b>	<b>128,203</b>
<b>Net change in fund balance</b>	<b>\$ (160,476)</b>	<b>9,938</b>	<b>\$ (170,414)</b>
Fund Balance, July 1, 2009		216,670	
Fund Balance, June 30, 2010		<u>\$ 226,608</u>	

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



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• Tax Division  
• Personal Financial Planning Section  
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**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  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the basic financial statements of the Bright Futures Academy Charter School, Inc., ("BFA") as of and for the year ended June 30, 2010, and have issued our report thereon dated September 28, 2010. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered BFA's internal control over financial reporting as a basis for designing our auditing procedures 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 BFA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BFA's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the BFA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the BFA's financial statements that is more than inconsequential will not be prevented or detected by the BFA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the BFA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BFA'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*.

We noted certain matters that we reported to management of BFA, in a separate letter dated September 28, 2010.

This report is intended solely for the information and use of the Board of Directors, management, regulatory agencies of federal and state governments and the School Board of Palm Beach County. It is not intended to be and should not be used by anyone other than these specified parties.

*Infante & Company*

September 28, 2010  
Hollywood, Florida



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• Center for Audit Quality  
• Tax Division  
• Personal Financial Planning Section  
Florida Institute of CPAs  
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## MANAGEMENT LETTER

To the Board of Directors  
Bright Futures Academy Charter School, Inc.  
North Palm Beach, Florida

We have audited the basic financial statements of the Bright Futures Academy Charter School, Inc. ("BFA") as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 28, 2010.

We issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters dated September 28, 2010. Disclosures in that report, if any, should be considered in conjunction with this management letter.

The discussion required by the rules of the Auditor General follows:

1. Recommendations were made and violations were reported in the preceding annual financial audit report.

Comment 09-1 stated there were material variances between budgeted and actual amounts by function. The variances between the budgeted and actual amounts by function are no longer relevant. Variances will always exist no matter how often the budget is modified.

2. There were no violations of laws, rules, regulations, and contractual provisions that: (1) have occurred, or are likely to have occurred and (2) were discovered within the scope of the financial audit; and (3) may or may not have materially affected the financial statements.
3. There are no recommendations to improve the charter school's present financial management, accounting procedures and internal controls for the current year.
4. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.



5. There were no matters requiring correction which may or may not materially affect the financial statements reported on, including, but not limited to:
  - Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
  - Failures to properly record financial transactions.
  - Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.
6. The official title of BFA is *Bright Futures Academy Charter School, Inc.*, which is a component unit of the School District of Palm Beach County, which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Act, and Section 228.056, Florida Statutes.
7. We applied financial condition assessment procedures pursuant to Rule 10.855(10).
8. In connection with our audit, we determined that the Bright Futures Academy Charter School, Inc. did not meet the condition described in Section 218.503(1) and, therefore, no financial emergency will be reported.

This management letter is intended for the information of the Bright Futures Academy Charter School, Inc.'s management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

*Infante & Company*

September 28, 2010  
Hollywood, Florida

Bright Futures Academy Charter School  
Bond Financing Team Distribution List

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