

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

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

***Year Ended June 30, 2017***

**Connections Education Center of the Palm Beaches, Inc.**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Connections Education Center of the Palm Beaches, Inc. ("the Center"), a charter school, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprises Connections Education Center of the Palm Beaches, Inc.'s basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Center, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

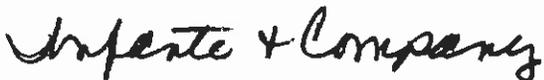
## **Other Matters**

### *Required Supplementary Information*

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2017, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Hollywood, FL  
October 16, 2017

**CONNECTION EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

Our discussion and analysis of the Connection Education Center of the Palm Beaches, Inc.'s ("Center") financial program provides an overview of the Center's financial activities for the year ended June 30, 2017. The Center's charter with the Palm Beach County District School Board is effective July 1, 2016. Prior to the effective charter date, the Center operated as a non-profit private school for children on the autism spectrum. The 2016 information is presented for comparative purposes only.

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

For financial statement purposes for the year ended June 30, 2017, the Center is not considered a component unit of the Palm Beach County District School Board, Florida, which is a primary government entity for financial reporting. The Center has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of the Center by providing information on inflows and outflows of spendable resources, while the Statement of Net Position and the Statement of Activities provide information on the activities of the Center.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

### ***Fund Financial Statements***

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

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

**CONNECTION EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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

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

*Notes to the Financial Statements*

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 14-22 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the Center's financial position. The Center's liabilities exceeded assets by \$73,567 and \$0 at June 30, 2017 and 2016, respectively.

<b>NET POSITION</b>			
	<b>2017</b>	<b>2016</b>	<b>Variance</b>
Curent Assets	\$ 104,399	\$ 51,751	\$ 52,648
Capital Assets	70,309	-	70,309
Total Assets	\$ 174,708	\$ 51,751	\$ 122,957
Current Liabilities	248,275	51,751	196,524
Total Liabilities	\$ 248,275	\$ 51,751	\$ 196,524
 Net Position			
Investments in Capital Assets	\$ 39,309	\$ -	\$ 39,309
Unrestricted	(112,876)	-	(112,876)
Restricted	-	-	-
Total Net Position	(73,567)	-	(73,567)
Total Liabilities and Net Position	\$ 174,708	\$ 51,751	\$ 122,957

**CONNECTION EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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

<u>Revenue Sources</u>	<u>2017</u>	<u>2016</u>	<u>Variance</u>
State passed through local school	\$ 867,566	\$ 194,473	673,093
Federal passed through local schools	306,615	-	306,615
Interest income	85	64	21
Other revenue	<u>582,976</u>	<u>973,666</u>	<u>(390,690)</u>
Total	\$ 1,757,242	\$ 1,168,203	\$ 589,039

Revenues for governmental activities totaled \$1,751,223 and \$0 for the years ended June 30, 2017 and 2016, respectively. The main sources of revenue were from the Florida Education Finance Program ("FEFP") and private donations. These revenues represented approximately 49% and 29%, respectively of total revenue for the year ended June 30, 2017.

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

	<u>2017</u>	<u>2016</u>	<u>Variances</u>
Instruction	\$ 920,604	\$ 485,378	\$ 435,226
Instructional related technology	65,667	59,518	6,149
Board expenses	30,861	2,298	28,563
General administration	11,500	-	11,500
School administration	319,163	252,664	66,499
Facilities acquisitions & construction	62,400	22,492	39,908
Fiscal services	67,565	58,374	9,191
Pupil transportation services	34,176	11,303	22,873
Pupil personnel services	233,817	162,956	70,861
Operation of plant	53,455	79,572	(26,117)
Maintenance of plant	908	1,213	(305)
Community activities	18,612	-	18,612
Debt service	12,081	-	12,081
Totals	\$ 1,830,809	\$ 1,135,768	\$ 695,041

**CONNECTION EDUCATION CENTER OF THE PALM BEACHES, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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

In 2017, the Center factored its monthly FEFP funds on two separate occasions. The total owed at June 30, 2017 was \$135,374 and the total interest cost associated with those transactions was \$12,081. In addition, the Center received its first tranche of an implementation grant. During the year, the Center borrowed \$31,000 to fund operations and equipment purchases. At June 30, 2017, the total outstanding loan balance was \$31,000.

**FUND FINANCIAL ANALYSIS**

Key highlights for the fiscal years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Revenue	\$ 1,757,242	\$ 1,168,203	\$ 589,039
Other financing sources, net of dent costs	18,919	-	18,919
Expenditures	<u>(1,889,037)</u>	<u>(1,167,922)</u>	<u>(721,115)</u>
Change in fund balance	(112,876)	281	(113,157)
Fund balance, beginning of year	<u>-</u>	<u>(281)</u>	<u>281</u>
Fund balance, end of year	\$ (112,876)	\$ -	\$ (112,876)

**CURRENT YEAR VS PRIOR YEAR RESULTS**

The 2016-2017 school year was the first year that the Center enrolled students as a charter school. Total revenue was \$1,751,242 and \$1,168,203 for the years ended June 30, 2017 and 2016, respectively. The increase in revenue was the result of the Center receiving FEFP funding for its first year as a charter school. Total expenses were \$1,889,037 and \$1,167,922 for the years ended June 30, 2017 and 2016, respectively. The increase in expenses is primarily attributable to an increase in instruction salaries and support staff to handle the student count increase.

**BUDGETARY HIGHLIGHTS**

Actual revenue was approximately \$6,400 more than budgeted. This can be attributed to an amount that was incorrectly recorded as a liability which was reclassified as income. Expenses were approximately \$65,000 more than the amount budgeted as the Center didn't properly reflect the employee benefits costs on the books and that amount was reclassified from the balance sheet to various functional expenses.

**CONNECTION EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

**PROSPECTS FOR THE FUTURE**

The Center submitted a corrective action plan and is working with a fundraising company that specializes in both non-profits and strengthening of the board of directors which the Center believes will help generate additional revenues to support operations. In addition, the Center is hosting a big fundraising event in February 2018 that is anticipated to net the Center approximately \$100,000 in donations.

**REQUESTS FOR INFORMATION**

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Statement of Net Position**  
**June 30, 2017**

		Governmental Activities
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$	36,441
Accounts receivable, net		2,099
Due from other agencies		27,484
Prepaid expenses		38,375
Total current assets		104,399
<b>CAPITAL ASSETS</b>		
Capital assets, net of accumulated depreciation		
Furniture, fixtures and equipment		70,309
Total capital assets		70,309
Total assets	\$	174,708
<b>LIABILITES AND NET POSITION</b>		
<b>LIABILITES</b>		
Accounts payable	\$	27,897
Accrued salaries and payroll deductions		54,004
Loans payable		31,000
Due to CAM		135,374
Total liabilities		248,275
<b>NET POSITION</b>		
Investment in capital assets, net of related debt		39,309
Unrestricted		(112,876)
Total net position		(73,567)
Total liabilities and net position	\$	174,708

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Basic instruction	\$ 920,604	\$ -	\$ 168,587	\$ -	\$ (752,017)
Pupil personnel services	233,817	-	-	-	(233,817)
Instructional media services	-	-	-	-	-
Instructional staff training	-	-	-	-	-
Instructional related technology	65,667	-	-	-	(65,667)
Board	30,861	-	30,861	-	-
General administration	11,500	-	-	-	(11,500)
School administration	319,163	-	98,236	-	(220,927)
Facilities acquisition and construction	62,400	-	-	-	(62,400)
Fiscal services	67,565	-	2,745	-	(64,820)
Pupil transportation services	34,176	-	82	-	(34,094)
Operation of plant	53,455	-	6,104	-	(47,351)
Maintenance of plant	908	-	-	-	(908)
Community activities	18,612	-	-	-	(18,612)
Debt service interest	12,081	-	-	-	(12,081)
Total governmental activities	<u>\$ 1,830,809</u>	<u>\$ -</u>	<u>\$ 306,615</u>	<u>\$ -</u>	<u>(1,524,194)</u>

General Revenues	
Grants and contributions not restricted to specific programs	-
State revenues	867,566
Investment earnings	85
Miscellaneous	582,976
Total General Revenues	<u>1,450,627</u>
Change in net position	(73,567)
Net position, July 1, 2016	-
Net position, June 30, 2017	<u>\$ (73,567)</u>

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Balance Sheet - Governmental Funds**  
**June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>ASSETS</b>				
Cash	\$ 36,441	\$ -	\$ -	\$ 36,441
Accounts receivable	2,099	-	-	2,099
Due from funds	27,484	-	-	27,484
Due from other agencies	-	27,484	-	27,484
Prepaid expenses	38,375	-	-	38,375
Total Assets	\$ 104,399	\$ 27,484	\$ -	\$ 131,883
<b>LIABILITIES</b>				
Accounts payable	\$ 27,897	\$ -	\$ -	\$ 27,897
Accrued salaries and payroll deductions	54,004	-	-	54,004
Due to funds	-	27,484	-	27,484
Due to CAM	135,374	-	-	135,374
Total Liabilities	217,275	27,484	-	244,759
<b>FUND BALANCES</b>				
Nonspendable	38,375	-	-	38,375
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(151,251)	-	-	(151,251)
Total Fund Balances	(112,876)	-	-	(112,876)
Total Liabilities and Fund Balances	\$ 104,399	\$ 27,484	\$ -	\$ 131,883

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2017**

Fund Balance - Governmental Funds		\$ (112,876)
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$ 83,236	
Less accumulated depreciation	<u>(12,927)</u>	
		70,309
<p>Debt proceeds are reported as financing sources in the general fund and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases current liabilities and does not affect the Statement of Activities.</p>		
		<u>(31,000)</u>
Net Position of Governmental Activities		\$ <u><u>(73,567)</u></u>

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>REVENUES</b>				
Federal passed through local school district	\$ -	\$ 306,615	\$ -	\$ 306,615
State passed through local school district	867,566	-	-	867,566
Other revenue	582,976	-	-	582,976
Investment earnings	85	-	-	85
	1,450,627	306,615	-	1,757,242
<b>EXPENDITURES/EXPENSES</b>				
Basic instruction	775,111	168,587	-	943,698
Pupil personnel services	233,817	-	-	233,817
Instructional media services	-	-	-	-
Instructional staff training	-	-	-	-
Instructional related technology	65,666	-	-	65,666
Board	-	30,861	-	30,861
General administration	11,500	-	-	11,500
School administration	233,802	98,236	-	332,038
Facilities acquisition and construction	62,400	-	-	62,400
Fiscal services	64,820	2,745	-	67,565
Pupil transportation services	68,435	82	-	68,517
Operation of plant	47,351	6,104	-	53,455
Maintenance of plant	908	-	-	908
Community activities	18,612	-	-	18,612
Total expenses	1,582,422	306,615	-	1,889,037
Expenses over Revenues	(131,795)	-	-	(131,795)
Debt service:				
Retirement of principal	-	-	-	-
Interest	12,081	-	-	12,081
Total debt service	12,081	-	-	12,081
Other financing sources:				
Debt issued	31,000	-	-	31,000
Total other financing sources	31,000	-	-	31,000
Net change in fund balance	(112,876)	-	-	(112,876)
Fund balances, July 1, 2016	-	-	-	-
Fund balances, June 30, 2017	\$ (112,876)	\$ -	\$ -	\$ (112,876)

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**June 30, 2017**

Net Change in fund balances - governmental funds \$ (112,876)

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	\$ 83,236	
Less current year depreciation	<u>(12,927)</u>	70,309

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (31,000)

Change in Net Position of Governmental Activities \$ (73,567)

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

1. Reporting entity

Connections Education Center of the Palm Beaches, Inc. (the “Center”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the Palm Beach County District School Board, Florida (“the District”). Under the Contract, the Center provides an education to children with Autism Spectrum Disorder grades K-8 who reside in Palm Beach County. The Center was initially formed as a non-profit private school and they received their 501(c)(3) designation effective April 20, 2015. The governing body of the Center is the Board of Directors, which is composed of six members.

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

The general operating authority of the Center is contained in Section 1002.33, Florida Statutes. The current charter shall be for a term of 5 school years commencing with the 2016 - 2017 school year. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the Center in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

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

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

2. Government-wide and fund financial statements

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

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

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

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

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

4. Budgetary basis of accounting

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

5. Cash

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

6. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the Center as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2017, the Center recorded net capital assets of \$65,308.

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

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

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

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Center pursuant to the funding provisions included in the Center's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Center reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for the Center is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the Center during designated FTE student survey periods.

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

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

8. Use of estimates

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

9. Income taxes

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

The Center 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 Center's financial statements. The Center does not believe there are any uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2017, no interest or penalties were recorded in the Center's financial statements.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center's federal income tax returns for 2015-2017 remain subject to examination by major tax jurisdictions.

**NOTE B - CONCENTRATIONS**

1. Revenue sources

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

<u>Sources</u>	<u>Amounts</u>
Federal grants through local district	\$ 306,615
State funding through local district	867,566
Aftercare and other revenue	<u>583,061</u>
	<u>\$1,757,242</u>

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE B – CONCENTRATIONS (continued)**

2. Cash

Under Chapter 280, Florida Statutes, the Center’s deposits must be placed in banks and savings and loans which are qualified as public depositories. The Center maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2017, there were no uninsured bank deposit balances.

**NOTE C – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Adjustments and Deletions	Balance at June 30, 2017
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ -	\$ 41,841	\$ -	\$ 41,841
Buses	-	41,395	-	41,395
Total assets depreciated	<u>\$ -</u>	<u>\$ 83,236</u>	<u>\$ -</u>	<u>\$ 83,236</u>
Less Accumulated depreciation				
Furniture, fixtures and equipment	\$ -	\$ 5,873	\$ -	\$ 5,873
Leasehold improvements	-	7,054	-	7,054
Total assets depreciated	<u>\$ -</u>	<u>\$ 12,927</u>	<u>\$ -</u>	<u>\$ 12,927</u>
Total governmental activities				
Capital assets, net				<u>\$ 70,309</u>

Depreciation expense of \$12,927 was charged to the basic instruction (\$4,825), school administration (\$1,047) and transportation services (\$7,055) functions for the year ended June 30, 2017.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE D - COMMITMENTS AND CONTINGENCIES**

The Center leased property during the year for its administrative and classroom space under a non-cancelable operating lease and entered into a new lease during the fiscal year June 30, 2017 that takes effect July 1, 2017. The Center also has a lease on a copier during the current year. Rental expenses for the year ended June 30, 2017 were approximately \$64,000.

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

June 30:		
2018	\$	235,370
2019		241,389
2020		246,659
2021		-
2022		<u>-</u>
Total	\$	723,418

**NOTE E – FACTORED ACCOUNTS RECEIVABLE**

On May 8, 2017, the Center entered into an agreement with Charter Asset Management Fund, LP (“CAM”). CAM purchased parts of the July and August 2017 FEFP funds for \$130,000. As part of the factoring agreement, the Center is required to pay CAM \$135,575. At June 30, 2017, the Center owed CAM \$135,575.

**NOTE F – DEFINED CONTRIBUTION PLAN**

The Center offers a defined contribution plan named Connections Education Center of the Palm Beaches 403(b) Plan. To be eligible to participate in the plan, participants must be at least 18 years old. Participants can elect to contribute up to 100% of their salary, subject to annual IRS limitations. The plan document states that the Center will not make any contributions to the plan. Therefore, for the year ended June 30, 2017, the Center made no contribution to the plan.

**NOTE G – LOANS PAYABLE AND RELATED PARTY**

During the year ended June 30, 2017, the Center entered into two separate promissory notes for \$16,000 and \$15,000, respectively. Both notes are non-interest bearing and are due on July 1, 2019. The loan for \$16,000 was provided by a current employee of the Center and is considered an arms-length transaction. The total amount of loans payable at June 30, 2017 was \$31,000.

**CONNECTIONS EDUCATION CENTER OF THE PALM BEACHES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE H - RISK MANAGEMENT**

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

The Center did not have any settlements that exceeded insurance coverage for the years ended June 30, 2016 – 2017.

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

Management has evaluated subsequent events through October 16, 2017, which is the date the financial statements became available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Connections Education Center of the Palm Beaches, Inc.**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**  
**(Unaudited)**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ -	\$ -	\$ -	\$ -
State passed through local school district	955,166	867,566	867,566	-
Other revenue	528,800	576,682	583,061	6,379
<b>Total revenues</b>	<b>1,483,966</b>	<b>1,444,248</b>	<b>1,450,627</b>	<b>6,379</b>
<b>Expenses</b>				
Basic instruction	698,677	727,151	775,111	47,960
Pupil personnel services	248,556	229,945	233,817	3,872
Instructional media services	-	-	-	-
Instructional staff training	-	-	-	-
Instructional related technology	69,620	65,666	65,666	-
Board	21,700	-	-	-
General administration	13,509	11,500	11,500	-
School administration	208,221	219,767	233,802	14,035
Facilities acquisition and construction	-	62,400	62,400	-
Fiscal services	60,372	60,952	64,820	3,868
Central services	700	-	-	-
Pupil transportation services	15,500	68,411	68,435	24
Operation of plant	100,645	52,000	47,351	(4,649)
Maintenance of plant	5,004	907	908	1
Community activities	-	18,612	18,612	-
<b>Total expenses</b>	<b>1,442,504</b>	<b>1,517,311</b>	<b>1,582,422</b>	<b>65,111</b>
<b>Revenues over expenditures</b>	<b>41,462</b>	<b>(73,063)</b>	<b>(131,795)</b>	<b>(58,732)</b>
<b>Debt service:</b>				
Retirement of principal	-	-	-	-
Interest	-	6,706	12,081	5,375
<b>Total debt service</b>	<b>-</b>	<b>6,706</b>	<b>12,081</b>	<b>5,375</b>
<b>Other financing sources:</b>				
Debt issued	-	-	31,000	31,000
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>31,000</b>	<b>31,000</b>
<b>Net change in fund balance</b>	<b>41,462</b>	<b>(79,769)</b>	<b>(112,876)</b>	<b>(33,107)</b>
Fund Balance, July 1, 2015	-	-	-	-
Fund Balance, June 30, 2016	\$ 41,462	\$ (79,769)	\$ (112,876)	\$ (33,107)

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

**Connections Education Center of the Palm Beaches, Inc.**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balances - Budget and Actual**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2017**  
**(Unaudited)**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Federal passed through local school district	\$ 314,973	\$ 306,615	\$ 306,615	\$ -
State passed through local school district	-	-	-	-
Other revenue	-	-	-	-
	<u>314,973</u>	<u>306,615</u>	<u>306,615</u>	<u>-</u>
<b>Total revenues</b>				
	314,973	306,615	306,615	-
<b>Expenses</b>				
Basic instruction	194,383	168,587	168,587	-
Pupil personnel services	17,981	-	-	-
Instructional media services	-	-	-	-
Instructional staff training	-	-	-	-
Instructional related technology	-	-	-	-
Board	33,954	30,861	30,861	-
General administration	-	-	-	-
School administration	38,731	98,236	98,236	-
Facilities acquisition and construction	16,950	-	-	-
Fiscal services	2,000	2,745	2,745	-
Pupil transportation services	-	82	82	-
Operation of plant	3,000	6,104	6,104	-
Maintenance of plant	-	-	-	-
Community activities	-	-	-	-
	<u>306,999</u>	<u>306,615</u>	<u>306,615</u>	<u>-</u>
<b>Total expenses</b>				
	306,999	306,615	306,615	-
<b>Revenues over expenditures</b>				
	<u>7,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Debt service:</b>				
Retirement of principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>				
	7,974	-	-	-
<b>Fund Balance, July 1, 2016</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, June 30, 2017</b>				
	<u>\$ 7,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Connections Education Center of the Palm Beaches, Inc., (the "Center", a nonprofit organization), a charter school, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Connections Education Center of the Palm Beaches, Inc.'s basic financial statements and have issued our report thereon dated October 16, 2017.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



October 16, 2017  
Hollywood, Florida



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

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

**Report on the Financial Statements**

We have audited the financial statements of the Connections Education Center of the Palm Beaches, Inc., Florida, as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 16, 2017.

**Auditor's Responsibility**

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; and Chapter 10.850, Rules of the Auditor General.

**Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 16, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. This is the first year for Connections Education Center of the Palm Beaches, Inc. to operate under its charter and they were not audited in the preceding year. Therefore, there were no findings in the preceding annual financial audit report.

**Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Connections Education Center of the Palm Beaches, Inc.

**Financial Condition**

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Connections Education Center of the Palm Beaches, Inc.

has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Connections Education Center of the Palm Beaches, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Connections Education Center of the Palm Beaches, Inc.. It is management's responsibility to monitor the Connections Education Center of the Palm Beaches, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. As a result of the procedures performed as of June 30, 2017, we determined that the entity's financial condition is deteriorating as the financial statements reflect an unrestricted deficit fund balance and an unrestricted net position deficit.

### **Transparency**

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

### **Other Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have one finding and recommendation.

#### **Finding 2017-1**

During the fiscal year ended June 30, 2017, Connections Education Center of the Palm Beaches, Inc. incorrectly accounted for employee benefits costs. As a result, the statement of net position was overstated and the statement of changes in net assets was understated by \$55,205.

We recommend that Connections Education Center of the Palm Beaches, Inc. change its accounting for employee benefits to ensure that the correct amounts are reflected as expenses in the financial statements. In addition, the Center should include a current statement of financial position compared to the prior year end as part of the financial package presented to the board of directors as they may have caught this accounting error had they seen the large variance from prior year.

#### **Find 2017-2**

During the fiscal year ended June 30, 2017, Connections Education Center of the Palm Beaches, Inc. reported a net deficit position of (\$73,567) and a net deficit fund balance of (\$112,876). These financial positions at June 30, 2017 are the result of deteriorating financial conditions. Subsequent to June 30, 2017, Connections Education Center of the Palm Beaches, Inc. submitted a corrective action plan to the District with plan to cure the financial deficit.

We recommend that Connections Education Center of the Palm Beaches, Inc. tighten up its spending in the upcoming fiscal year, focus on generating additional revenues from major fundraisers and secure private donations through the board of directors network of contacts. The board of directors should continue to meet on a monthly basis and monitor the financial situation of the Center very closely so it can continuously improve its bottom line and get out of the deficit position.

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

**Purpose of this Letter**

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



Infante & Company  
October 16, 2017



*Connections Education Center of the Palm Beaches, Inc.*

1310 Old Congress Suite 100 ♦ West Palm Beach, FL 33409

Phone (561)328-6044 ♦ Fax (561)584-6868

Email: [connections@connectedpb.com](mailto:connections@connectedpb.com)

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October 20, 2017

To the School District of Palm Beach County,

The following is our response to the management letter dated October 16, 2017, and each response is numbered consistently with the numbers assigned in the management letter:

2017-1 Incorrect accounting for employee benefits

For fiscal year ended June 30, 2018, we changed our accounting for employee benefits to ensure that the proper expense to the Center is reflected in the books and records. In addition, as part of the board financial review package, we will incorporate a current statement of net position compared to the prior fiscal year end as a means of catching any future accounting errors on the statement of net position.

2017-2 Deteriorating financial conditions

We submitted a corrective action plan to the District dated July 26, 2017 which described our plans to rectify the deficit by June 30, 2018. In summary, we hired a consulting firm specializing in nonprofit management and fundraising and we will continue to closely monitor the financial condition of the Center by reviewing detailed financial reports on a monthly basis.

Stephen J. Padula  
Chair, Board of Directors  
Connections Education Center of the Palm Beaches, Inc.



Connections Education Center of the Palm Beaches, Inc. is a 501(c) (3) Corporation

EIN# 47-3805751

*A non-profit charter school for children with autism spectrum disorder*