

A decorative border of colored pencils surrounds the central text. The pencils are arranged in a rectangular frame, with colors including yellow, brown, green, red, blue, and teal. A teal pencil holder containing several pencils is located in the bottom right corner.

Whispering Winds  
Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

Financial Statements  
And  
Independent Auditors' Report

**June 30, 2014**

**KATTELL AND COMPANY, P.L.**

A professional accounting firm serving the nonprofit community

**808-B NW 16<sup>th</sup> Avenue  
Gainesville, Florida 32601  
(352) 395-6565**

**Financial Statements and Independent Auditors' Reports**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

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# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

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808-B NW 16<sup>th</sup> Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Whispering Winds Charter School Project, Inc.

November 19, 2014

### Report on Financial Statements

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We have audited the accompanying financial statements of the governmental activities and each major fund of Whispering Winds Charter School Project, Inc. (the School), a component unit of the Levy County District School Board, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School'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 the 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.

**Auditors' 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required 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 School as of June 30, 2014, and the respective changes in financial position thereof 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 management's discussion and analysis and the budgetary comparison schedules, as listed in the table of contents, 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

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014 on our consideration of the School's internal control over financial reporting (internal control) 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 and compliance and the results of that testing, and not to provide an opinion on the internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance.

*Kattell and Company, P.L.*

**Management's Discussion and Analysis**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2014:

- The School's overall Net Position decreased by approximately \$104,000, which is about 19%.
- Total ending unrestricted Net Position was approximately \$76,000.
- The School had total expenses for the year of about \$714,000 compared to revenues of approximately \$610,000.
- The School educated 76 students in 2014 and 95 in 2013, serving grades K-5.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

**Government-wide Financial Statements**

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net Position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in Net Position during the fiscal year. Over time, the increases or decreases in Net Position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. The General Fund, Special Revenue Fund and Capital Projects Funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

**Management's Discussion and Analysis**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**CONDENSED FINANCIAL INFORMATION**

The following table presents condensed, government-wide current year and prior year data about net position and changes in net position.

	2014 Governmental Activities	2013 Governmental Activities
<b>Net Position</b>		
Assets:		
Non-capital Assets	\$ 91,293	\$ 150,987
Capital Assets, Net	628,245	688,952
Total Assets	<u>719,538</u>	<u>839,939</u>
Liabilities:		
Current Liabilities	15,034	7,725
Long-term Liabilities	252,397	276,599
Total Liabilities	<u>267,431</u>	<u>284,324</u>
Net Position:		
Net Investment in Capital Assets	375,848	412,353
Restricted	--	8,908
Unrestricted	76,259	134,354
Total Net Position	<u>\$ 452,107</u>	<u>\$ 555,615</u>
<b>Change in Net Position</b>		
Program Revenues:		
Charges for Services	\$ 3,450	\$ 5,042
Operating Grants & Contributions	39,895	43,252
Capital Grants & Contributions	29,590	35,772
General Revenues:		
Title I Grant	17,951	36,160
IDEA Grant	11,280	14,857
Florida Education Finance Program	499,149	601,324
Other State Revenues	249	21,910
Unrestricted Grants and Contributions	616	1,625
Unrestricted Investment Earnings	47	108
Other Miscellaneous Local Sources	8,167	--
Total Revenues	<u>610,394</u>	<u>760,050</u>
Program Expenses:		
Instruction	374,755	533,221
Instructional Support Services	903	5,684
General Support	242,565	282,965
Operation of Plant	80,437	78,530
Community Service	432	1,836
Interest on Long-term Debt	14,810	17,155
Total Expenses	<u>713,902</u>	<u>919,391</u>
Change in Net Position	(103,508)	(159,341)
Beginning Net Position	555,615	714,956
Ending Net Position	<u>\$ 452,107</u>	<u>\$ 555,615</u>

**Management's Discussion and Analysis**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities.** The governmental activities generated \$72,935 in program revenues and \$537,459 of general revenues, and incurred \$713,902 of program expenses. This resulted in a \$103,508 decrease in net position.

**THE SCHOOL'S INDIVIDUAL FUNDS**

**General Fund.** The fund balance of the General Fund decreased by \$58,095 from \$134,354 to \$76,259.

**Special Revenue Fund.** The fund balance of the Special Revenue Fund decreased by \$8,908 from \$8,908 to zero. The School expended all current revenues and continued to spend down balances in accordance with the provisions of the Walton grant.

**Capital Projects Fund.** The fund balance of the Capital Projects Fund remained at \$0 which means all grant funds were spent during the year.

**BUDGETARY HIGHLIGHTS**

**General Fund.** The original budget was amended to increase expenditures and to reflect the refinancing of long-term debt. There were no differences between the final budget and actual amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The School had no significant capital asset activity. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

**Debt Administration.** The School made scheduled payments on both of its existing obligations and later refinanced and consolidated them into one obligation. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

**ECONOMIC FACTORS**

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Suzann Hodges-Cornell, Principal, Whispering Winds Charter School Project, Inc. at 2480 NW Old Fannin Road, Chiefland, Florida 32626.

**Statement of Net Position**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	Governmental Activities
<b>Assets</b>	
Cash	\$ 75,891
Accounts Receivable	7,905
Prepays	6,667
Deposits	830
Capital Assets:	
Land	69,505
Depreciable Capital Assets, Net	558,740
<b>Total Assets</b>	<b>719,538</b>
<b>Liabilities</b>	
Accounts Payable	15,034
Long-Term Debt:	
Due Within One Year	18,342
Due In More Than One Year	234,055
<b>Total Liabilities</b>	<b>267,431</b>
<b>Net Position</b>	
Net Investment in Capital Assets	375,848
Unrestricted	76,259
<b>Total Net Position</b>	<b>\$ 452,107</b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Functions/Programs:</b>					
Governmental Activities:					
Instruction	\$ (374,755)	\$ 2,770	\$ --	\$ --	\$ (371,985)
Instructional Support Services	(903)	--	--	--	(903)
General Support	(242,565)	--	39,895	29,590	(173,080)
Operation of Plant	(80,437)	--	--	--	(80,437)
Community Services	(432)	680	--	--	248
Interest on Long-Term Debt	(14,810)	--	--	--	(14,810)
<b>Total</b>	<b><u>\$ (713,902)</u></b>	<b><u>\$ 3,450</u></b>	<b><u>\$ 39,895</u></b>	<b><u>\$ 29,590</u></b>	<b><u>(640,967)</u></b>

**General Revenues:**

Federal through State:	
Title I Grant	17,951
IDEA Grant	11,280
State Revenue:	
Florida Education Finance Program	499,149
Other State Revenues	249
Unrestricted Grants and Contributions	616
Unrestricted Investment Earnings	47
Other Miscellaneous Local Sources	8,167
<b>Total General Revenues</b>	<b><u>537,459</u></b>
<b>Change in Net Position</b>	<b>(103,508)</b>
<b>Net Position – Beginning of Year</b>	<b><u>555,615</u></b>
<b>Net Position – End of Year</b>	<b><u>\$ 452,107</u></b>

See accompanying notes.

**Balance Sheet – Governmental Funds**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 75,891	\$ --	\$ --	\$ 75,891
Accounts Receivable	7,905	--	--	7,905
Prepaid Expenses	6,667	--	--	6,667
Deposits	830	--	--	830
<b>Total Assets</b>	<b>\$ 91,293</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 91,293</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 15,034	\$ --	\$ --	\$ 15,034
Fund Balances:				
Non-Spendable – Prepaids	6,667	--	--	6,667
Non-Spendable – Deposits	830	--	--	830
Unassigned	68,762	--	--	68,762
Total Fund Balances	76,259	--	--	76,259
<b>Total Liabilities and Fund Balances</b>	<b>\$ 91,293</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 91,293</b>

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position –  
Governmental Funds**

**June 30, 2014**

**Whispering Winds Charter School Project, Inc.**

*A Component Unit of the Levy County District School Board*

<b>Fund Balances – Total Governmental Funds</b>	\$ 76,259
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Amounts reported for Governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	628,245
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Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net position.

Long-Term Liabilities	<u>(252,397)</u>
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<b>Net Position of Governmental Activities</b>	<u>\$ 452,107</u>
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See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds**

**For the Year Ended June 30, 2014**

**Whispering Winds Charter School Project, Inc.**

*A Component Unit of the Levy County District School Board*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Federal through State:				
Title I Grant	\$ --	\$ 17,951	\$ --	\$ 17,951
IDEA Grant	--	11,280	--	11,280
National School Lunch Program	39,895	--	--	39,895
State Revenue:				
Florida Education Finance Program	499,149	--	--	499,149
Public Education Capital Outlay	--	--	29,590	29,590
Other State Revenue	249	--	--	249
Local Revenue:				
Interest Income	--	47	--	47
Meal Service	2,770	--	--	2,770
Other Local Revenues	9,463	--	--	9,463
<b>Total Revenues</b>	<b>551,526</b>	<b>29,278</b>	<b>29,590</b>	<b>610,394</b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	329,490	38,186	--	367,676
Instructional Support Services	903	--	--	903
General Support	188,937	--	--	188,937
Operation of Plant	80,437	--	--	80,437
Community Services	432	--	--	432
Debt Service:				
Principal	59,379	--	14,780	74,159
Interest	--	--	14,810	14,810
<b>Total Expenditures</b>	<b>659,578</b>	<b>38,186</b>	<b>29,590</b>	<b>727,354</b>
<b>Excess of Revenues Over(Under) Expenditures</b>	<b>(108,052)</b>	<b>(8,908)</b>	<b>--</b>	<b>(116,960)</b>
<b>Other Financing Sources (Uses)</b>				
Debt Issuance	49,957	--	--	49,957
<b>Net Change in Fund Balance</b>	<b>(58,095)</b>	<b>(8,908)</b>	<b>--</b>	<b>(67,003)</b>
<b>Fund Balances, July 1, 2013</b>	<b>134,354</b>	<b>8,908</b>	<b>--</b>	<b>143,262</b>
<b>Fund Balances, June 30, 2014</b>	<b>\$ 76,259</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 76,259</b>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance to the Statement of Activities - Governmental Funds**

**For the Year Ended June 30, 2014**

**Whispering Winds Charter School Project, Inc.**

*A Component Unit of the Levy County District School Board*

**Excess of Revenues over Expenditures – Total Governmental Funds** **\$ (67,003)**

Amounts reported for governmental activities in the statement of activities 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 Expenditures for Capital Assets	3,588
Current Year Depreciation Expense	(64,295)

Issuance of long term debt provides current financial resources to governmental funds, but has no effect on net position. Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net position.

Current Year Debt Proceeds	(49,957)
Current Year Principal Payments	<u>74,159</u>

**Change in Net Position of Governmental Activities** **\$ (103,508)**

See accompanying notes.

**Notes to the Financial Statements**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

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

The accounting policies of Whispering Winds Charter School Project, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Reporting Entity**

Whispering Winds Charter School Project, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as Whispering Winds Charter School Project, Inc. (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Levy County District School Board (the District). The current charter is effective until June 30, 2019, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. 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 School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School'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 School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**Government-wide Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's Net Position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports 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 for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

# Notes to the Financial Statements

June 30, 2014

## Whispering Winds Charter School Project, Inc.

*A Component Unit of the Levy County District School Board*

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following funds are used by the School:

#### GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with grants that are restricted to operational uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no nonmajor funds.

#### Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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, the School 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 the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

#### Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions and purchases non negotiable certificates of deposit in financial institutions. At June 30, 2014, no amounts were held in excess of FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

#### Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as “non-spendable” in the funds financial statements to indicate that prepaids do not represent available expendable resources.

#### Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$2,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Improvements	20-30
Furniture, Fixtures and Equipment	5-10
Motor Vehicles	5

**Notes to the Financial Statements**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

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

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School pays for employees' unused sick time at a rate of 50%. All unused sick time is paid out at the end of the school year and unused time does not accumulate. The School does not pay for employees' unused vacation time and unused time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Position

Net Position represent the difference between assets and liabilities and are reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net Position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* Net Position is Net Position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Equity

Governmental funds report separate classifications of fund balance.

**Non-Spendable.** The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted.** The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed.** Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

**Assigned.** Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Executive Director. Assigned fund balance includes spendable fund balance amounts established by the Executive Director that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Executive Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

**Notes to the Financial Statements**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

Fund Equity (concluded)

**Unassigned.** Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets not Being Depreciated:				
Land	\$ 69,505	\$ --	\$ --	\$ 69,505
Capital Assets Being Depreciated:				
Buildings	685,254	3,588	--	688,842
Improvements	133,646	--	--	133,646
Furniture, Fixtures & Equipment	181,347	--	--	181,347
Motor Vehicles	29,172	--	--	29,172
Total Capital Assets	<u>1,098,924</u>	<u>3,588</u>	<u>--</u>	<u>1,102,512</u>
Accumulated Depreciation:				
Buildings	211,531	34,514	--	246,045
Improvements	48,332	6,682	--	55,014
Furniture, Fixtures & Equipment	124,983	20,150	--	145,133
Motor Vehicles	25,126	2,949	--	28,075
Total Accumulated Depreciation	<u>409,972</u>	<u>64,295</u>	<u>--</u>	<u>474,267</u>
Net Capital Assets	<u>\$ 688,952</u>	<u>\$ (60,707)</u>	<u>\$ --</u>	<u>\$ 628,245</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 7,079
General Support	57,216
Total Depreciation Expense	<u>\$ 64,295</u>

**NOTE 3 – RISK MANAGEMENT**

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.

**Notes to the Financial Statements**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**NOTE 4 – LONG-TERM LIABILITIES**

Long-term debt activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Note Payable	\$ 57,503	\$ --	\$ 57,503	\$ --	\$ --
Loan Payable	219,096	49,957	16,656	252,397	18,342
Total	<u>\$ 276,599</u>	<u>\$ 49,957</u>	<u>\$ 74,159</u>	<u>\$ 252,397</u>	<u>\$ 18,342</u>

During the year ended June 30, 2014, the School refinanced existing loans, proceeds of which had been used to finance the purchase of real property and a new building. The resulting note is collateralized by the School's real property and building and is payable in monthly installments of \$2,545, with 5.00% financing, maturing May 2025. In March 2019, the interest rate will adjust to a variable rate based on the weekly average yield on United States Treasury Securities, adjusted to a constant maturity of one year, the effective rate being no less than 5% or more than 17.7% per year for the remaining term.

Debt service payments, computed at 5% interest, are due as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 18,342	\$ 12,203	\$ 30,545
2016	19,280	11,265	30,545
2017	20,267	10,278	30,545
2018	21,304	9,241	30,545
2019	22,394	8,151	30,545
2020 - 2025	150,810	22,748	173,558
Total	<u>\$ 252,397</u>	<u>\$ 73,886</u>	<u>\$ 326,283</u>

**NOTE 5 – EMPLOYEE RETIREMENT PLAN**

*Plan Description* – The School contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer retirement plan administered by the State of Florida, Department of Management Services, Division of Retirement. The FRS offers members both a defined benefit plan (Pension Plan) and/or a defined contribution plan (Investment Plan) to provide retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues financial statements and required supplementary information for the FRS. That report may be obtained by writing to the State Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, by accessing the FRS website or by calling (850) 488-5540.

*Funding Policy* – The FRS was employee noncontributory through June 30, 2011, but on July 1, 2011 began requiring a contribution of 3% of covered pay from employees. The School is required to contribute at an actuarially determined rate. The employer contribution rates at June 30, 2014, 2013 and 2012 were 6.95%, 5.18% and 4.91%, respectively. The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. The School's contribution to the FRS for the years ended June 30, 2014, 2013 and 2012 was \$24,884, \$23,379 and \$23,947, respectively, which was equal to the required contribution for those years.

**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

BUDGETED AMOUNTS

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Federal Through State:				
National School Lunch Program	\$ 50,000	\$ 39,895	\$ 39,895	\$ --
State Revenue:				
Florida Education Finance Program	491,484	499,149	499,149	--
Other State Revenue	372	249	249	--
Local Revenue:				
Interest Income	--	--	--	--
Meal Service	--	2,770	2,770	--
Other Local Revenue	--	9,463	9,463	--
<b>Total Revenues</b>	<b><u>541,856</u></b>	<b><u>551,526</u></b>	<b><u>551,526</u></b>	<b><u>--</u></b>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instruction	296,629	329,490	329,490	--
Instructional Support Services	500	903	903	--
General Support	166,559	188,937	188,937	--
Operation of Plant	64,756	80,437	80,437	--
Community Services	--	432	432	--
Debt Service:				
Principal	--	59,379	59,379	--
Interest	--	--	--	--
<b>Total Expenditures</b>	<b><u>528,444</u></b>	<b><u>659,578</u></b>	<b><u>659,578</u></b>	<b><u>--</u></b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	13,412	(108,052)	(108,052)	--
<b>Other Financing Sources (Uses)</b>				
Debt Issuance	--	49,957	49,957	--
<b>Net Change in Fund Balance</b>	<b>13,412</b>	<b>(58,095)</b>	<b>(58,095)</b>	<b>--</b>
<b>Fund Balances, July 1, 2013</b>	<b><u>--</u></b>	<b><u>134,354</u></b>	<b><u>134,354</u></b>	<b><u>--</u></b>
<b>Fund Balances, June 30, 2014</b>	<b><u>\$ 13,412</u></b>	<b><u>\$ 76,259</u></b>	<b><u>\$ 76,259</u></b>	<b><u>\$ --</u></b>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

**Budgetary Comparison Schedule – Special Revenue Fund**  
**For the Year Ended June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

	<u>BUDGETED AMOUNTS</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
<b>Revenues:</b>				
Federal through State:				
Title I Grant	\$ --	\$ 17,951	\$ 17,951	\$ --
IDEA Grant	--	11,280	11,280	--
Local Revenue:				
Interest Income	--	47	47	--
<b>Total Revenues</b>	<u>--</u>	<u>29,278</u>	<u>29,278</u>	<u>--</u>
<b>Expenditures and Changes in Fund Balances</b>				
<b>Expenditures:</b>				
Current:				
Instructional	--	38,186	38,186	--
Instructional Support Services	--	--	--	--
General Support	--	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>38,186</u>	<u>38,186</u>	<u>--</u>
<b>Excess of Revenues Over (Under)Expenditures</b>	<u>--</u>	<u>(8,908)</u>	<u>(8,908)</u>	<u>--</u>
<b>Fund Balances, July 1, 2013</b>	<u>--</u>	<u>8,908</u>	<u>8,908</u>	<u>--</u>
<b>Fund Balances, June 30, 2014</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

# Kattell and Company, P.L.

A Certified Public Accounting Firm Serving the Nonprofit Community

808-B NW 16<sup>th</sup> Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 [www.kattell.com](http://www.kattell.com)

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 19, 2014

To the Board of Directors  
Whispering Winds Charter School Project, Inc.

We have audited the financial statements of Whispering Winds Charter School Project, Inc. (the School) for the year ended June 30, 2014, and have issued our report thereon dated November 19, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### Qualitative Aspects of Accounting Practices

*Accounting Policies.* Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Accounting Estimates.* Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates that are particularly sensitive.

*Disclosures.* There are no disclosures that are particularly sensitive.

*Corrected and Uncorrected Misstatements.* Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have communicated all known and likely adjustments to management and all material adjustments have been reflected in the financial statements.

### Our Working Relationship with Management

*Difficulties Encountered in Performing the Audit.* We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management.* For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations.* We have requested certain representations from management that are included in the management representation letter.

*Management Consultations with Other Independent Accountants.* In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Consultations Prior to Engagement.* We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

\* \* \* \* \*

This letter is intended solely for the information and use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Kattell and Company, P.L.*

Gainesville, Florida

# Kattell and Company, P.L.

*Certified Public Accountants Serving the Nonprofit Community*

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## MANAGEMENT LETTER

To the Board of Directors,  
Whispering Winds Charter School Project, Inc.

**Report on the Financial Statements.** We have audited the financial statements of Whispering Winds Charter School Project, Inc. (the School), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated November 19, 2014.

**Auditors' 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.

**Other Reporting Required by *Government Auditing Standards*.** 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*, and Schedule of Findings. Disclosures in that report, which is dated November 19, 2014, and the Schedule of Findings, should be considered in conjunction with this management letter.

**Prior Audit Findings.** Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

### **Financial Condition.**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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 School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. It is management's responsibility to monitor The School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The School experienced decreases in net position and fund balance; however, the School could sustain another year of such decreases and continue to have positive net position and fund balance. In addition, in light of increased enrollment in the 2014-2015 school year, we do not believe the School is in eminent danger of financial emergency conditions.

**Transparency.** Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether The School 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 School 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 did not have any such recommendations.

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. We did not have any such findings.

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 Whispering Winds Charter School Project, Inc.

**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, the local district school board, and the Board of Directors and management of the School and is not intended to be and should not be used by anyone other than these specified parties.

\* \* \* \* \*

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

*Kattell and Company, P.L.*

November 19, 2014

# Kattell and Company, P.L.

*Serving the Nonprofit Community*

808-B NW 16<sup>th</sup> Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,  
Whispering Winds Charter School Project, Inc.

November 19, 2014

We have audited, 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, the financial statements of the governmental activities and each major fund of Whispering Winds Charter School Project, Inc., (the School), as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 19, 2014.

### Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control that we consider to be a material weakness.

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 significant deficiency is a deficiency, or 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. 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 School's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency identified as Finding 2014-01 in the Schedule of Findings to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

### School's Response to Findings

The School's responses to our finding is described in the accompanying letter from the School. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

\* \* \* \* \*

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated November 19, 2014.

*Kattell and Company, P.L.*

**Schedule of Findings**  
**June 30, 2014**  
**Whispering Winds Charter School Project, Inc.**  
*A Component Unit of the Levy County District School Board*

**Material Weakness in Internal Control**

**2014-01 – Review of Monthly Financial Reports**

*Finding* – Monthly financial reports are prepared by the contract accountant and are provided to management and the School District. However, management’s review of these financial statements did not reveal an overstatement of revenues. As a result, management incorrectly believed that the School was operating close to budgeted projections.

*Recommendation* – Management should consider its financial statement preparation and review procedures to ensure accurate monthly financial reporting that is critical to financial management of the School.

**Whispering Winds Charter School**  
2480 NW Old Fannin Road, Chiefland, FL 32626



November 19, 2014

Mr. Steve Kattel  
Kattel and Company  
808B NW 16<sup>th</sup> Avenue  
Gainesville, FL 32601

Re: Response to audit findings, 2012-13

Dear Mr. Kattel,

Findings:

**Material Weakness in Internal Control**

**2014-01**

*Finding* – Monthly financial reports are prepared by the contact accountant and are provided to management and the School District. However, management's review of these financial statements did not reveal an overstatement of revenues. As a result, management incorrectly believed that the School was operating close to budgeted projections.

*Recommendation* – Management should consider its financial statement preparation and review procedures to ensure accurate monthly financial reporting that is critical to financial management of the School.

Thank you for your friendly and professional services to Whispering Winds Charter School. We appreciate your attention to detail and your willingness to be flexible during a very busy time in our school year.

Sincerely,

J. Suzann Cornell, Ph.D.  
Principal

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Phone: 352-490-5799