

**SKY Academy Venice  
A Charter School  
and Division of SKY Family YMCA, Inc.**

**Special-Purpose Financial Statements**

**June 30, 2017 and 2016**



**Gregory, Sharer & Stuart**

*Certified Public Accountants and Business Consultants*

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## Independent Auditor's Report

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

### **Report on the Special-Purpose Financial Statements**

We have audited the accompanying special-purpose financial statements of SKY Academy Venice (the School), a Charter School and Division of SKY Family YMCA, Inc. (the YMCA), as of and for the years ended June 30, 2017 and 2016, and the related notes to the special-purpose financial statements, which collectively comprise the School's basic special-purpose financial statements as listed in the table of contents.

### **Management's Responsibility for the Special-Purpose Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of SKY Academy Venice as of June 30, 2017 and 2016, and the respective changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

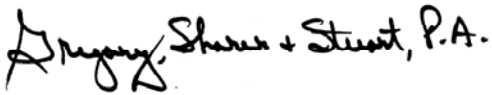
**Other Matters**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2017, on our consideration of SKY Academy Venice'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 SKY Academy Venice's internal control over financial reporting and compliance.

**Gregory, Sharer & Stuart, P.A.**

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive style.

St. Petersburg, Florida  
August 29, 2017

**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Special-Purpose Financial Statements**  
**Statements of Financial Position**

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<b>Assets</b>	June 30,	
	<u>2017</u>	<u>2016</u>
Current assets		
Cash	\$ 276,345	\$ 149,792
Accounts receivable	32,669	34,928
Prepaid expenses	5,715	1,280
Due from SKY Academy Englewood	29,295	11,939
Total current assets	<u>344,024</u>	<u>197,939</u>
Property and equipment, net	<u>299,453</u>	<u>377,023</u>
<b>Total assets</b>	<u><u>\$ 643,477</u></u>	<u><u>\$ 574,962</u></u>
 <b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 24,860	\$ 28,165
Accrued expenses	22,920	22,010
Due to SKY Family YMCA, Inc.	226,270	81,839
Total current liabilities	<u>274,050</u>	<u>132,014</u>
Net assets		
Unrestricted	<u>369,427</u>	<u>442,948</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 643,477</u></u>	<u><u>\$ 574,962</u></u>

**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Special-Purpose Financial Statements**  
**Statements of Activities**

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	Year Ended June 30,	
	<u>2017</u>	<u>2016</u>
Support and revenue		
Federal grants and revenue	\$ 151,769	\$ 155,381
State revenue	1,850,074	1,906,156
Local revenue	491,236	462,179
SKY Family YMCA, Inc. contribution	-	32,500
Total support and revenue	<u>2,493,079</u>	<u>2,556,216</u>
Expenses		
Salaries	1,270,746	1,419,956
Employee benefits	264,621	287,842
Payroll taxes	93,475	105,449
Advertising	12,146	10,214
Contract services	29,156	25,229
Dues and subscriptions	8,143	10,903
Insurance	17,184	15,075
Fundraising	25,813	21,047
Management fee	209,934	-
Other	1,641	1,961
Rent	223,622	189,210
Repair and maintenance	18,948	28,643
Supplies	244,989	340,403
Telephone and utilities	9,295	9,081
Training and education	5,864	5,875
Vehicle expense	43,968	59,317
Loss on disposal	1,195	-
Depreciation expense	85,860	86,723
Total expenses	<u>2,566,600</u>	<u>2,616,928</u>
<b>Change in net assets</b>	<b>(73,521)</b>	<b>(60,712)</b>
<b>Net assets at beginning of year</b>	<b><u>442,948</u></b>	<b><u>503,660</u></b>
<b>Net assets at end of year</b>	<b><u><u>\$ 369,427</u></u></b>	<b><u><u>\$ 442,948</u></u></b>

**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Special-Purpose Financial Statements**  
**Statements of Cash Flows**

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	June 30,	
	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (73,521)	\$ (60,712)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	85,860	86,723
Loss on disposal of property and equipment	1,195	-
Decrease (increase) in operating assets		
Accounts receivable	2,259	(4,220)
Prepaid expenses	(4,435)	(305)
Due from SKY Academy Englewood	(17,356)	(11,939)
(Decrease) increase in operating liabilities		
Accounts payable	(3,305)	(1,907)
Accrued expenses	910	(32,702)
Deferred revenue	-	(2,962)
Due to SKY Family YMCA, Inc.	144,431	(53,515)
Net cash provided (used) by operating activities	<u>136,038</u>	<u>(81,539)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(9,485)</u>	<u>(44,588)</u>
<b>Increase (decrease) in cash</b>	126,553	(126,127)
<b>Cash at beginning of year</b>	<u>149,792</u>	<u>275,919</u>
<b>Cash at end of year</b>	<u><u>\$ 276,345</u></u>	<u><u>\$ 149,792</u></u>

**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2017 and 2016**

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**Note A - Summary of Significant Accounting Policies**

*Organization*

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

The YMCA opened the School in 2011. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operated under a charter approved on July 1, 2011 by its sponsor, the School Board of Sarasota County, Florida (the School Board). The School's initial charter was effective until June 30, 2016.

The initial charter was renewed on May 17, 2016 for a period of 15 years. The renewed and current charter became effective on July 1, 2016 and is effective through June 30, 2031. The charter may be renewed as provided for in Section 1002.33, Florida Statutes. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

The governing body of the School is its board of directors, which is composed of six members. The executive director of the YMCA is the executive officer of the School. The school reported, on average, an enrollment of 249 and 261 students for the fiscal years ended June 30, 2017 and 2016, respectively.

Average enrollment and grade configuration for the 2016-2017 school year was approximately as follows:

School Name and Address	Grades	Enrollment	Principal
SKY Academy Venice	Sixth	78	Steve Smith
705 Center Road	Seventh	72	
Venice, FL 34285	Eighth	99	

*Basis of Presentation*

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

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

*Basis of Accounting*

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

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

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

Temporarily restricted - Temporarily restricted net assets consist of net assets subject to donor-imposed restrictions. Donor restrictions expire when a stipulated time restriction ends or the purpose of the restriction is accomplished. The School does not imply a time restriction on gifts of long-lived assets. There are no temporarily restricted net assets as of June 30, 2017 and 2016.

Permanently restricted - Permanently restricted net assets consist of net assets subject to donor-imposed restrictions that require the School to hold the assets in perpetuity. Income from the assets held is available for either general operations or specific purposes. There are no permanently restricted net assets as of June 30, 2017 and 2016.

Expenses are reported as decreases in unrestricted net assets.



**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2017 and 2016**

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*Cash and Cash Equivalents*

Cash and cash equivalents may consist of demand deposits and highly liquid investments with original maturities of three months or less when purchased. As of June 30, 2017 and 2016, the School's cash balance was comprised exclusively of demand deposit accounts.

*Property and Equipment*

Property and equipment consists of furniture, fixtures, and equipment recorded at cost or the estimated fair value at the date of donation. Expenditures in excess of \$500 with an estimated useful life greater than one year are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life is not capitalized. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the results of operations for the respective period. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Office equipment and computers	5 - 7 years
Furniture and machinery	3 - 10 years
Automobiles	5 years
Building and leasehold improvements	Remaining life of lease term including option renewals

*Support and Revenue*

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

*Revenue Sources*

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of fulltime equivalent (FTE) students and related data to the School Board, which in turn reports this information to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP).

Funding for the School is adjusted monthly to reflect the revised calculations by the FDOE under the FEFP based upon the actual weighted FTE students reported by the School during the designated student survey periods.

The basic amount of funding through FEFP is the product of (1) the unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by legislature. For the 2016/2017 school year, the School reported 247.89 unweighted FTE. FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General.

Schools are required to maintain the following documentation for three years or until the completion of a FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Documentation for instruction teaching out-of-field (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.0341 I, FAC)
- Evaluation and planning documentation for weighted programs (Section 1011.62(I)(e), FS, and Rule 6A-6.03411, FAC)

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

*Functional Expenses*

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

**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2017 and 2016**

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*Income Taxes*

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

*Estimates*

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

*Concentration of Revenue Sources*

For the years ended June 30, 2017 and 2016, approximately 91% and 92%, respectively, of the School's revenue was derived from grants from the federal government passed through the State of Florida Department of Education, and state and local funds passed through the school district. The level of the School's operations and program services may be impacted if funding is not renewed.

*Subsequent Events*

Management has evaluated all events subsequent to the statement of financial position date of June 30, 2017 through August 29, 2017, which was the date these special-purpose financial statements were available for issuance. Management has determined there are no subsequent events which would require adjustment to or disclosure in the accompanying special-purpose financial statements.

**Note B - Property and Equipment**

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

	<u>2017</u>	<u>2016</u>
Furniture and machinery	\$ 293,248	\$ 289,233
Office equipment and computers	186,789	184,001
Leasehold improvements	111,037	111,037
Automobiles	53,691	53,691
	<u>644,765</u>	<u>637,962</u>
Less accumulated depreciation and amortization	(345,312)	(260,939)
	<u>\$ 299,453</u>	<u>\$ 377,023</u>

Depreciation expense was \$85,860 and \$86,723 for the years ended June 30, 2017 and 2016, respectively.

**Note C - Related Party Transactions**

As described in Note A, the School is a division of the YMCA. From time to time, there may be amounts due to the YMCA that represent amounts advanced by the YMCA on behalf of the School for operating costs in excess of amounts repaid by the School.

The YMCA pays for the payroll and related payroll liabilities (taxes, insurance, retirement, etc.) on behalf of the School and the School reimburses the YMCA monthly. As of June 30, 2017 and 2016, amounts due to the YMCA reported on the statements of financial position totaled \$226,270 and \$81,839, respectively.

In addition, the YMCA provides various management and professional services to the School under a management services contract. The contract provides for annual fees of \$550,000. The contract also provides that if, for any reason, the School cannot remit payments due under the contract, the YMCA will allow for reductions and may waive its fees. During the years ended June 30, 2017 and 2016, the YMCA waived management fees totaling \$340,066 and \$550,000, respectively. No amounts have been recorded in the accompanying statements of activities for the years ended June 30, 2017 and 2016 related to the waived fees.

The School also rents its facilities from the YMCA under a lease agreement (See Note F). In accordance with the lease agreement, future minimum payments due under the lease may be adjusted at the discretion of the YMCA to help the cash flows of the School. The School incurred expenses of \$216,000 and \$180,000 for the years ended June 30, 2017 and 2016, respectively, under this agreement.

Additionally, the YMCA contributed funds in the amount of \$32,500 for the year ended June 30, 2016, to help offset various operating expenses. Amounts are recorded as contributions in the accompanying statements of activities. There were no such contributions for the year ended June 30, 2017.

The School provides food service to the Sky Academy Englewood, a Charter School and Division of SKY Family YMCA, Inc. As of June 30, 2017 and 2016, the amount due from SKY Academy Englewood under this contract totaled \$29,295 and \$11,939, respectively.

**SKY Academy Venice**  
**A Charter School and Division of SKY Family YMCA, Inc.**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2017 and 2016**

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**Note D - Contributed Materials, Equipment, and Services**

Contributed property and materials and equipment, if any, are recorded in the accompanying special-purpose financial statements at their fair values at the date of receipt. The School did not receive any donated property or equipment for the years ended June 30, 2017 and 2016. A number of volunteers have donated significant amounts of time to the School's administrative services and its fundraising campaigns during the year; however, these donated services are not reflected in the special-purpose financial statements since the services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

**Note E - Support and Revenue**

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

	<u>2017</u>	<u>2016</u>
Federal grants and revenues		
Individuals with Disabilities		
Education Act (IDEA)	\$ 8,209	\$ 7,294
School lunch reimbursement	143,560	148,087
	<u>151,769</u>	155,381
State revenues		
Florida education finance program	1,589,289	1,671,346
Transportation	27,618	27,626
Reading programs	11,721	12,689
Charter school capital outlay		
funding	69,802	42,908
School recognition funds	26,659	26,626
Charter school funding	124,985	124,961
	<u>1,850,074</u>	1,906,156
Local revenues		
Referendum mileage allocation	277,745	277,693
Food service	170,180	155,315
Merchandise sales	6,409	3,431
Grants	5,000	-
Fundraising	31,902	25,740
	<u>491,236</u>	462,179
YMCA contribution (see Note C)	-	32,500
Total support and revenue	<u>\$ 2,493,079</u>	<u>\$ 2,556,216</u>

**Note F- Lease Agreements**

The School leases its premises from the YMCA under an initial operating lease that began on August 1, 2011 and expired on July 31, 2016. On July 1, 2016, the lease was renewed through June 30, 2021. The lease requires minimum annual payments of \$216,000, paid in equal monthly installments. In accordance with the lease agreement, future minimum payments due under the lease may be adjusted at the discretion of the YMCA to help the cash flows of the School.

The School also leases a copier under an operating lease expiring in 2021. The lease requires minimum monthly payments of \$485.

Future minimum lease commitments are as follows:

Year ending June 30	
2018	\$ 221,820
2019	221,820
2020	221,820
2021	219,880
	<u>\$ 885,340</u>

Rent expense was \$223,622 and \$189,210 for the years ended June 30, 2017 and 2016, respectively.



**Independent Auditor's Report  
on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

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 special-purpose financial statements of SKY Academy Venice as of and for the year ended June 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise SKY Academy Venice's, basic financial statements, and have issued our report thereon dated August 29, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the special-purpose financial statements, we considered SKY Academy Venice's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of SKY Academy Venice's internal control. Accordingly, we do not express an opinion on the effectiveness of SKY Academy Venice'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 special-purpose financial statements will not be prevented, or detected and corrected 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.

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. 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.

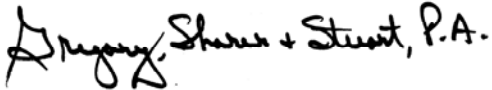
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SKY Academy Venice's special-purpose 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 special-purpose 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 SKY Academy Venice's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SKY Academy Venice's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive style.

St. Petersburg, Florida  
August 29, 2017



## Management Letter

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

### Report on the Financial Statements

We have audited the special-purpose financial statements of SKY Academy Venice as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 29, 2017.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

### Other Reports and Schedules

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, if any, which is dated August 29, 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. There were no findings or recommendations made in the June 30, 2016 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 SKY Academy Venice.

### 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 SKY Academy Venice 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 SKY Academy Venice 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 SKY Academy Venice. It is management's responsibility to monitor SKY Academy Venice'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.

### Transparency

Section 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 SKY Academy Venice maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that SKY Academy Venice maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

**Other Matters**

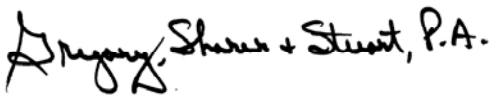
Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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 special-purpose financial statements that is less than material, but which warrants 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 of SKY Academy Venice, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

**Gregory, Sharer & Stuart, P.A.**

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." with a stylized flourish at the end.

St. Petersburg, Florida  
August 29, 2017