



An initiative of the Florida Tax Credit Scholarship

October 31, 2016

Commissioner Pam Stewart
Florida Department of Education, Office of the Commissioner
Turlington Building, Suite 1514
325 West Gaines Street
Tallahassee, FL 32399

Dear Commissioner Stewart:

We hereby submit the initial results of the 2015-16 financial accountability testing for private schools that participate in the Florida Tax Credit Scholarship for low-income students through Step Up For Students. This is the sixth year under the accountability requirement and the number of schools meeting the reporting threshold has more than quadrupled in that time.

This financial oversight requirement is described in Florida Statute 1002.395(6)(o), and requires each school receiving more than \$250,000 of scholarship funds in a single year to engage an independent Certified Public Accountant (CPA) to determine whether the school had adequate accounting and internal control systems, appropriate processes to deposit and classify funds, and that scholarship funds were spent on education-related expenses. The CPA must complete a set of Agreed-Upon Procedures that are filed with the commissioner and submit a full report to the Scholarship Funding Organization (SFO) that provides the majority of the school's scholarship funds. The deadline for that submission is the first September 15th after the close of the preceding school year. In turn, the SFO must notify the commissioner by October 30th of that year of any schools that fail to submit the report and of any schools with material exceptions noted in the reports.

In 2015-16, a total of 1,602 private schools throughout the state served 78,664 low-income scholarship students and received Tax Credit Scholarship funds. Of those, Step Up For Students identified 553 that received more than \$250,000 – or 88 more schools than the previous year. We communicated with these schools through email, phone calls, and hosted webinars to notify them of their obligations under the law, and are pleased to report that all but one submitted a report. The school that did not is Zion Lutheran Christian (0165), this school is now closed.

Of the 552 reports we received, 59 contained material exceptions that ranged from inadequate segregation of duties to not utilizing an operating budget. Of the 59 reports containing material exceptions, 18 met the \$250,000 threshold for the first time. There were 29 schools that submitted incomplete reports and, per existing departmental policy, the schools have been granted until December 30th to complete the missing parts of their reports. We, in turn, will notify you by February 1st whether any of these 29 schools have reports that contain material exceptions.

With this letter, we attach all 59 reports with material exceptions to allow your agency to review them closely. We also attach four different lists for your reference:

- The one school that did not file a report,
- 464 schools that filed reports that contained no material exceptions,
- 59 schools with material exceptions, and
- 29 schools with incomplete reports.



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The following schools have had a material exception as noted by their CPA for two years:

- Community Christian School Inc. (2084)
- Covenant Christian School (1856)
- Daytona Beach Christian School (2475)
- El Bethel Christian Academy (2856)
- Ephesus Sda Junior Academy (1412)
- First Academy-Leesburg (1500)
- First Baptist Christian School (0638)
- First Christian Academy (3128)
- Forest Lake Academy (0814)
- Forest Lake Education Center (0873)
- Future Leaders Academy (6763)
- Good Shepherd Academy (5508)
- Jeremiah Academy (5667)
- Naples Adventist Christian School (4086)
- New Hope Learning Center (4822)
- Newberry Christian Community School (7096)
- Peniel Baptist Academy (0678)
- Potential Christian Academy (1140)
- Ridge Christian Academy (4548)
- River Christian Academy (4358)
- Saint Marys Catholic School (1307)
- Saint Teresa Catholic School (1342)
- Sawgrass Adventist School (0137)
- Tampa Adventist Academy (2232)
- Triumph Christian Academy (1683)
- Vision Christian Academy (1047)
- Winners Primary School (5950)

We would like to work with the department and the schools on their Corrective Action Plan.

This is the sixth year for this financial reporting process, and it appears to be serving the purpose the Legislature intended. We thank you for your support of our program and education choice.

Sincerely,

A handwritten signature in blue ink that reads "Joe Pfountz".

Joe Pfountz, Chief Financial Officer
Step Up For Students

Enclosure (4)