

Brevard Academy- A Challenge Foundation Academy (BA-CFA) uses the accrual-basis of accounting at year-end, meaning that revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the receipt or payment of cash takes place.

**Procedures:**

- Throughout the fiscal year, revenue is recorded in the month in which it is received and expenses are recorded in the month in which they occur.
- At the close of the fiscal year, all revenue earned in the fiscal year, but not received is accrued. All expenses that have been incurred but not paid are also accrued. This ensures that that the year-end financial statements reflect all revenue earned and all expenses incurred during the fiscal year.
- Year-end books, exclusive of adjusting journal entries, are closed by June 30.
- Year-end books for the previous fiscal year, inclusive of adjusting journal entries, are closed by December 15, the date by which the audit report must be submitted to the state controller and respective reporting agencies.