

DADE SCHOOLS ATHLETIC FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2006

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SHARPTON, BRUNSON & COMPANY, P.A.

Certified Public Accountants & Business Consultants

One Southeast Third Avenue
Suite 2100
Miami, Florida 33131
Telephone: (305) 374-1574
Facsimile: (305) 372-8161

110 East Broward Boulevard
Suite 1950
Fort Lauderdale, Florida 33301
Telephone: (954) 467-5490
Facsimile: (954) 467-6184

215 South Monroe Street
Suite 600
Tallahassee, Florida 32301
Telephone: (850) 224-2994
Facsimile: (850) 224-0099

Website: www.sbccpa.com

Independent Auditors' Report

To the Board of Directors
Dade Schools Athletic Foundation, Inc.

We have audited the accompanying financial statements of the Dade Schools Athletic Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Dade Schools Athletic Foundation, Inc. as of June 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2006 on our consideration of the Foundation'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Foundation has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined necessary to supplement, although not required to be part of the financial statements.

October 4, 2006

DADE SCHOOLS ATHLETIC FOUNDATION, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2006

Assets

Current assets:

Cash and cash equivalents	\$ 26,322
Contributions receivable	<u>2,000</u>
Total current assets	<u>28,322</u>

Equipment, net	<u>1,308</u>
Total assets	<u>\$ 29,630</u>

Liabilities

Current Liabilities:

Accounts payable	<u>2,321</u>
Total liabilities	<u>2,321</u>

Net Assets

Invested in capital assets	1,308
Restricted	13,959
Unrestricted	<u>12,042</u>
Total net assets	<u>\$ 27,309</u>

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

DADE SCHOOLS ATHLETIC FOUNDATION, INC.
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

Operating revenue

Contributions	\$ <u>79,615</u>
Total operating revenue	<u>79,615</u>

Operating expenses

Golf tournament	35,821
Scholarships	4,000
Scholar athlete luncheon	9,449
Grants to schools	28,000
General and administrative	<u>4,613</u>
Total operating expenses	<u>81,883</u>
Operating loss	(2,268)

Non-operating revenue

Interest income	<u>517</u>
Change in net assets	(1,751)
Net assets at beginning of year	<u>29,060</u>
Net assets at end of year	<u><u>\$ 27,309</u></u>

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

DADE SCHOOLS ATHLETIC FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cash flows from operating activities:

Cash received for support	\$ 79,115
Payments for fundraising, scholarship, grants and other	(77,431)
Payments to suppliers for goods and services	<u>(4,038)</u>
Net cash used in operating activities	<u>(2,354)</u>

Cash flows from capital and related financing activities:

Acquisition of equipment	<u>(1,883)</u>
Net cash used in capital and related financing activities	<u>(1,883)</u>

Cash flows from investing activities:

Interest on short-term investments	<u>517</u>
Net cash provided by investing activities	<u>517</u>
Net decrease in cash and cash equivalents	(3,720)
Cash and cash equivalents, beginning of year	<u>30,042</u>
Cash and cash equivalents, end of year	<u><u>\$ 26,322</u></u>

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (2,268)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	575
Increase in contributions receivable	(500)
Decrease in accounts payable	<u>(161)</u>
Net cash used in operating activities	<u><u>\$ (2,354)</u></u>

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

DADE SCHOOLS ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 1 - Organization

The Dade Schools Athletic Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized in accordance with Chapter 617, Florida Statutes and operated as a Miami-Dade County School Board ("School Board") direct-support organization in accordance with Section 1001.453, Florida Statutes and School Board Rule 6Gx13-1B-1.08. The Foundation was incorporated in May 1993, and began operations in February 1994, for the main purpose of providing resources for the promotion of interscholastic sports in Miami-Dade County, Florida.

Note 2- Summary Of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Foundation's significant accounting policies are described below:

In accordance with GASB Statement No. 34, the Foundation met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of when the related cash flow occurs.

Application of FASB Standards

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Foundation applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation maintains a seven (7) day certificate of deposit.

In addition to insurance provided by the Federal Depository Insurance Corporation, all of the Foundation's time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

DADE SCHOOLS ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 2- Summary Of Significant Accounting Policies (contd.)

Under Florida Statutes, Chapter 280, "Florida Security for Public Deposits" Act (Chapter 280), the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally in the form of U.S. government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting loss. Accordingly, all of the Foundation's cash and certificate of deposit are fully collateralized or insured.

Income Taxes

The Foundation is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code. Accordingly, the financial statements reflect no provision for income taxes.

Equipment

Acquisitions greater than \$500 with a useful life longer than one (1) year are capitalized. Equipment is stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Expenditures for maintenance and repairs are charged to expense when incurred. Depreciation of equipment is provided using the straight line method, based on the estimated useful life of three (3) years.

Flow Assumption for Restricted Assets

If both restricted and unrestricted assets are available for use for a certain purpose, it is the Foundation's policy to use restricted assets first, then use unrestricted assets as needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

DADE SCHOOLS ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Note 3 - Equipment

Equipment consist of the following:

Computer equipment	\$ 1,883
Less: accumulated depreciation	<u>(575)</u>
	<u>\$ 1,308</u>

Depreciation expense was \$575 for the year ending June 30, 2006.

Note 4 – Restricted Net Assets

Restricted net assets represent contributions received by the Foundation whose use has been restricted by the donors. These restricted contributions include:

Cobb family endowment	\$ 11,500
Woman's golf program	<u>2,459</u>
Total restricted net assets	<u>\$ 13,959</u>



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Telephone: (954) 467-5490
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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors
Dade Schools Athletic Foundation, Inc.

We have audited the accompanying financial statements of the Dade Schools Athletic Foundation, Inc. (Foundation), as of and for the year ended June 30, 2006, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated October 4, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

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

This report is intended solely for the information and use of the Board of Directors of the Foundation, management, and members of the School Board of Miami-Dade County, Florida and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

October 4, 2006

**DADE SCHOOLS ATHLETIC FOUNDATION, INC.
AUDIT OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2006**

Current Year Observation and Recommendations

There are no current year observations and recommendations to report.

Status of Prior Year Observations and Recommendations

There were no prior year observations and recommendations reported.