

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH  
CHARTER SCHOOL  
(A COMPONENT UNIT OF THE SCHOOL BOARD  
OF MIAMI-DADE COUNTY, FLORIDA)  
HIALEAH, FLORIDA**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT  
AUDITORS' REPORT AND SUPPLEMENTAL  
INFORMATION**

**JUNE 30, 2013**

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA)**  
**BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND**  
**SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2013**

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**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
(A Charter School Under Excelsior Academies, Inc.)

600 West 20<sup>th</sup> Street  
Hialeah, FL 33010  
(305) 888-8359

**2012-2013**

**BOARD OF DIRECTORS**

Ms. Claudia Trilles, Chair  
Ms. Dulce More  
Ms. Lilianne Morales  
Ms. Maydelin Beceiro

**SCHOOL ADMINISTRATION**

Ms. Brenda Cruz, Principal

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Excelsior Language Academy of Hialeah Charter School  
(A Component Unit of the School Board of Miami-Dade County, Florida)  
Hialeah, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of Excelsior Language Academy of Hialeah Charter School (the "School"), a charter school under Excelsior Academies, Inc., which is a component unit of the District School Board of Miami-Dade County as of and for the year ended June 30, 2013, 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 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.

### ***Auditor's 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 *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 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, 2013, and the respective changes in financial position 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 the management's discussion and analysis on pages 5-9 and budgetary comparison information on pages 24-25 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2013, on our consideration of the School'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 the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013

**Management's Discussion and Analysis**  
Excelsior Language Academy of Hialeah Charter School  
June 30, 2013

The corporate officers of Excelsior Language Academy of Hialeah Charter School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2013.

**FINANCIAL HIGHLIGHTS**

1. The assets of the School exceeded its liabilities at June 30, 2013 by \$164,611 (net position).
2. At year-end, the School had current assets on hand of \$306,802.
3. The net position of the School decreased by \$97,201 during the year.

*Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2013 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10-11 of this report.

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12-16 of this report.

#### *Notes to Basic Financial Statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to basic financial statements can be found on pages 17-23 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$164,611 at the close of the fiscal year. A summary of the School's net position as of June 30, 2013 and 2012 follows:

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash	\$ 224,670	\$ 158,100
Accounts receivable	59,953	254,528
Prepaid expenses	22,179	25,949
Deposits receivable and other assets	-	77,590
Capital assets, net	163,298	224,826
<b>Total Assets</b>	<b>\$ 470,100</b>	<b>\$ 740,993</b>
<b>Liabilities and Position</b>		
Accounts and wages payable and accrued liabilities	\$ 305,489	\$ 479,181
<b>Total Liabilities</b>	<b>\$ 305,489</b>	<b>\$ 479,181</b>
Net investment in capital assets	163,298	224,826
Unrestricted	1,313	36,986
<b>Total Net Position</b>	<b>\$ 164,611</b>	<b>\$ 261,812</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 470,100</b>	<b>\$ 740,993</b>

At June 30, 2013, the School's total assets were \$470,100 and total liabilities were \$305,489. The School's assets and liabilities decreased primarily due to the depreciation of fixed assets and payment of prior year payables, respectively. In addition, the School terminated its lease for the facilities located at 600 West 20<sup>th</sup> Street and no longer has a security deposit on the facility. At the end of the fiscal year, the School is able to report a positive balance in net position of \$164,611.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2013 and 2012 follows:

<b>REVENUES</b>	<u>2013</u>	<u>2012</u>
Program Revenues		
Operating grants & contributions	\$ 538,948	\$ 481,808
Capital grants & contributions	143,537	205,731
Charges for services	101,807	458,882
General Revenues		
FEFP non-specific revenue	3,253,157	3,325,375
Fundraising & other revenue	8,500	12,066
Total Revenues	<u>\$ 4,045,949</u>	<u>\$ 4,483,862</u>
 <b>EXPENSES</b>		
Instructional services	\$ 2,169,199	\$ 2,236,127
Instructional staff training services	1,099	5,840
Board	56,105	53,908
School administration	343,755	559,130
Facilities acquisition & construction	2,560	1,499
Fiscal services	82,725	85,425
Food services	333,425	380,723
Central services	96,305	98,278
Operation of plant	946,650	1,187,781
Maintenance of plant	66,446	57,957
Community services	44,881	37,283
Total Expenses	<u>\$ 4,143,150</u>	<u>\$ 4,703,951</u>
 Change in Net Assets	(97,201)	(220,089)
 <b>Net Position at Beginning of Year</b>	<u>261,812</u>	<u>481,901</u>
<b>Net Position at End of Year</b>	<u>\$ 164,611</u>	<u>\$ 261,812</u>

The School's total revenues for the year ended June 30, 2013 were \$4,045,949 while its total expenses were \$4,143,150 for a net decrease of \$97,201. The School's total revenues decreased by \$437,913 while total expenses decreased by \$560,801. Excelsior Academy High School ("High School") in fiscal year 2012 reimbursed the School for payroll, benefits and services used on a cost per student allocation which was included in charges for services. For the year ended June 30, 2013, the High School paid for its own payroll, benefits and services and only paid the School a fee for the use of its facilities. This resulted in a decrease of revenues and expenses for the year ended June 30, 2013. In addition, during the year, the School received a waiver of management fees in the amount of \$113,150.

On June 18, 2013, the School terminated the lease of the facilities located at 600 West 20<sup>th</sup> Street in Hialeah, Florida and relocated the School to 369 East 10<sup>th</sup> Street, Hialeah, Florida for the 2013-14 school year. As a result of this relocation, the School's enrollment decreased to approximately 100 students for the new 2013-14 school year. The School expects to increase its enrollment in future school years. The School is confident that the net position will not deteriorate as a result of the decreased enrollment because the rental facilities expense, management fees and salaries expenses have all significantly decreased in 2013-14 school year. The School has attached the following operating budget for the 2013-14 school year.

	2013-14 School Budget
<b>REVENUES</b>	
State passed through local	\$ 670,379
Capital outlay funding and other grants	47,500
Federal lunch program	51,570
Federal through state and local	16,000
Other income	25,000
	<u>\$ 810,449</u>
<b>EXPENDITURES</b>	
Instructional services	\$ 245,278
Pupil personnel services	5,000
Board	5,000
General administration	33,450
School administration	97,172
Facilities acquisition & construction & other capital outlay	270,000
Fiscal services	2,400
Food services	54,000
Operation of plant	88,093
	<u>\$ 800,393</u>
Other financing sources	<u>-</u>
Net change in fund balance	<u><u>\$ 10,056</u></u>

## **ACCOMPLISHMENTS**

In 2013, the School completed its 5th year of operation. Among its greatest accomplishment was receiving a grade of A for the year and getting accredited by SACS, Southern Association of Colleges and Schools.

The School's charter was also renewed for another 5 years by the Dade County school district.

Students once again participated in many community projects such as a Thanksgiving food drive and the City of Hialeah Toy Drive.

Excelsior students participated in many clubs such as Student Council, Cheerleading and National Honor Society. They also continued to excel in sports, volleyball, soccer and basketball.

The mission of the school is to foster pride in academic achievement while developing students' ability in the Spanish language. We believe in the acquisition of linguistics and cultural skills as an integral part of education and that language learning is best acquired in the elementary grades. We celebrate all of our diverse cultures and backgrounds with the vision that students can become respectful, responsible, trustworthy and productive members of their school, their communities, their nation and the world.

## **SCHOOL LOCATION**

The School operated in the City of Hialeah from its leased facility located at 600 West 20<sup>th</sup> Street, Hialeah, FL 33010 for the year ended June 30, 2013. Subsequent to year end, the School has relocated to 369 East 10<sup>th</sup> Street, Hialeah, Florida for the 2013-14 school year.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balances of \$1,313, a decrease of \$35,673 in comparison with the prior year.

## CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2013, amounts to \$163,298 (net of accumulated depreciation). This investment in capital assets includes mainly furniture and equipment. The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

## GENERAL FUND BUDGET ANALYSIS AND HIGHLIGHTS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

	All Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,191,200	\$ 3,200,000	\$ 3,253,157
Capital outlay funding and other grants	165,000	144,000	143,537
Federal lunch program	315,000	378,000	378,241
Federal through state and local	137,849	160,000	160,707
Charges for services and other grants	89,000	95,000	101,807
Other income	5,000	5,000	8,500
TOTAL REVENUES	\$ 3,903,049	\$ 3,982,000	\$ 4,045,949
EXPENDITURES			
Instructional services	\$ 2,062,849	\$ 2,058,000	\$ 2,060,946
Instructional staff training services	2,000	1,200	1,099
Board	35,000	40,000	38,539
School administration	470,000	457,000	456,908
Facilities acquisition & construction & other capital outlay	35,000	34,000	43,707
Fiscal services	85,000	84,000	82,725
Food services	340,000	340,000	330,773
Central services	115,000	100,000	96,305
Operation of plant	1,030,000	905,000	904,174
Maintenance of plant	96,000	70,000	66,446
TOTAL EXPENDITURES	\$ 4,270,849	\$ 4,089,200	\$ 4,081,622
Other financing sources	-	-	-
Net change in fund balance	\$ (367,800)	\$ (107,200)	\$ (35,673)

## Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Marcia Griffin located at 125 South State Road 7, Suite 104-119, Wellington, FL 33414.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

		Governmental Activities	
		2013	2012
			(Summarized Comparative Information)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	224,670	\$ 158,100
Accounts receivable		55,000	254,528
Due from governmental agencies		4,953	-
Prepaid expenses		22,179	25,949
<b>TOTAL CURRENT ASSETS</b>	<b>\$</b>	<b>306,802</b>	<b>\$ 438,577</b>
<b>CAPITAL ASSETS</b>			
Improvements other than buildings	\$	29,969	\$ 16,754
Less accumulated depreciation		(11,587)	(6,915)
Furniture and equipment		503,819	476,424
Less accumulated depreciation		(358,903)	(261,437)
<b>TOTAL CAPITAL ASSETS, NET</b>		<b>163,298</b>	<b>224,826</b>
Deposit receivable and other assets		-	77,590
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>470,100</b>	<b>\$ 740,993</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	92,171	\$ 289,582
Wages payable		213,318	189,599
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$</b>	<b>305,489</b>	<b>\$ 479,181</b>
<b>TOTAL LIABILITIES</b>		<b>305,489</b>	<b>479,181</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>NET POSITION</b>			
Net investment in capital assets	\$	163,298	\$ 224,826
Unrestricted		1,313	36,986
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>164,611</b>	<b>\$ 261,812</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$</b>	<b>470,100</b>	<b>\$ 740,993</b>

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

Functions	2013				2012	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>						
Instructional services	\$ 2,169,199	\$ 52,031	\$ 152,977	\$ -	\$ (1,964,191)	\$ (2,058,256)
Instructional staff training services	1,099	-	-	-	(1,099)	(5,840)
Board	56,105	-	-	-	(56,105)	(53,908)
School administration	343,755	-	7,730	-	(336,025)	(559,130)
Facilities acquisition & construction	2,560	-	-	-	(2,560)	(1,499)
Fiscal services	82,725	-	-	-	(82,725)	(85,425)
Food services	333,425	5,096	378,241	-	49,912	(66,288)
Central services	96,305	-	-	-	(96,305)	(98,278)
Operation of plant	946,650	-	-	143,537	(803,113)	(569,545)
Maintenance of plant	66,446	-	-	-	(66,446)	(57,957)
Community services	44,881	44,680	-	-	(201)	(1,404)
<b>Total Governmental Activities</b>	<b>\$ 4,143,150</b>	<b>\$ 101,807</b>	<b>\$ 538,948</b>	<b>\$ 143,537</b>	<b>\$ (3,358,858)</b>	<b>\$ (3,557,530)</b>
GENERAL REVENUES:						
					\$ 3,253,157	\$ 3,325,375
					8,500	12,066
					3,261,657	3,337,441
Change in Net Position					(97,201)	(220,089)
NET POSITION - BEGINNING					261,812	481,901
NET POSITION - ENDING					\$ 164,611	\$ 261,812

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**BALANCE SHEETS - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

	2013	2012
	General Fund	(Summarized Comparative Information)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 224,670	\$ 158,100
Accounts receivable	55,000	254,528
Due from governmental agencies	4,953	-
Prepaid expenses	22,179	25,949
Deposit receivable and other assets	-	77,590
<b>TOTAL ASSETS</b>	<b>\$ 306,802</b>	<b>\$ 516,167</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 92,171	\$ 289,582
Wages payable	213,318	189,599
<b>TOTAL LIABILITIES</b>	<b>\$ 305,489</b>	<b>\$ 479,181</b>
<b>FUND BALANCE</b>		
Nonspendable		
Prepaid expenses	\$ 22,179	\$ 25,949
Deposits receivable and other assets	-	77,590
Unassigned	(20,866)	(66,553)
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,313</b>	<b>\$ 36,986</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 306,802</b>	<b>\$ 516,167</b>

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT**  
**NET POSITION**  
**JUNE 30, 2013**

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Total Fund Balance - Governmental Funds \$ 1,313

Amounts reported for governmental activities in the statement of net  
assets are different because:

Capital assets of \$533,788, net of accumulated  
depreciation of \$370,490 used in governmental activities  
are not financial resources and therefore are not reported in  
the fund.

163,298

Total Net Position- Governmental Activities

\$ 164,611

The accompanying notes are an integral  
part of this financial statement.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

	2013				2012
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
<b>REVENUES</b>					
State passed through local	\$ 3,253,157	\$ -	\$ -	\$ 3,253,157	\$ 3,325,375
Federal through state and local	-	160,707	-	160,707	176,351
State capital outlay funding	-	-	143,537	143,537	205,731
Federal lunch program	-	378,241	-	378,241	305,457
Charges for services and other grants	96,711	5,096	-	101,807	458,882
Other income	8,500	-	-	8,500	12,066
<b>TOTAL REVENUES</b>	<b>\$ 3,358,368</b>	<b>\$ 544,044</b>	<b>\$ 143,537</b>	<b>\$ 4,045,949</b>	<b>\$ 4,483,862</b>
<b>EXPENDITURES</b>					
Current:					
Instructional services	\$ 1,902,709	\$ 150,724	\$ -	\$ 2,053,433	\$ 2,155,902
Instructional staff training services	1,099	-	-	1,099	5,840
Board	38,539	-	-	38,539	53,908
School administration	449,178	7,730	-	456,908	559,130
Facilities acquisition & construction	10,610	-	-	10,610	-
Fiscal services	82,725	-	-	82,725	85,425
Food services	-	330,773	-	330,773	379,923
Central services	96,305	-	-	96,305	98,278
Operation of plant	793,734	-	110,440	904,174	1,135,252
Maintenance of plant	66,446	-	-	66,446	57,957
Community services	-	-	-	-	37,283
Capital Outlay:					
Instructional services	-	7,513	-	7,513	19,753
Facilities acquisition & construction	-	-	-	-	22,925
Other capital outlay	-	-	33,097	33,097	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,441,345</b>	<b>\$ 496,740</b>	<b>\$ 143,537</b>	<b>\$ 4,081,622</b>	<b>\$ 4,611,576</b>
Excess (deficit) of revenues over expenditures	\$ (82,977)	\$ 47,304	\$ -	\$ (35,673)	\$ (127,714)
<b>OTHER FINANCING SOURCES</b>					
Transfers in and (out)	47,304	(47,304)	-	-	-
Net change in fund balance	(35,673)	-	-	(35,673)	(127,714)
Fund balance at beginning of year	36,986	-	-	36,986	164,700
Fund balance at end of year	<b>\$ 1,313</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,313</b>	<b>\$ 36,986</b>

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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Net Change in Fund Balance - Governmental Funds \$ (35,673)

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 allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$102,138 exceeded capital outlays of \$40,610. (61,528)

Change in Net Position of Governmental Activities \$ (97,201)

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Agency Fund Student Activity</b>
<b>ASSETS</b>	
Cash	<u>\$ 75,733</u>
TOTAL ASSETS	<u><u>\$ 75,733</u></u>
<b>LIABILITIES</b>	
Due to student groups	<u>\$ 75,733</u>
TOTAL LIABILITIES	<u><u>\$ 75,733</u></u>

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

Excelsior Language Academy of Hialeah Charter School, (the “School”) a component unit of the District School Board of Miami-Dade County, Florida is sponsored by Miami-Dade County Public Schools. Its charter-holder, Excelsior Academies, 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 governing body of the School is the Board of Directors of Excelsior Academies, Inc. which is comprised of four members.

The general operating authority of Excelsior Language Academy of Hialeah Charter School (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2018. 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 which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter contract may be renewed for an additional term and/or by mutual written consent of both parties.

These financial statements are for the year ended June 30, 2013, when over 550 students were enrolled in grades kindergarten through eighth.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of the charter school capital outlay funding.

Additionally, the School reports the following fiduciary fund type:

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of Excelsior Language Academy of Hialeah Charter School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) *Codification Section 1600.111 and Section N50 “Accounting and Financial Reporting for Non-Exchange Transactions”*. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days; however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources.
- Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2013 was \$0.
- Unrestricted – all other net position is reported in this category.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2013, the School had \$22,179 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2013, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2013, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2013, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Minimum Fund Balance

As of June 30, 2013, there are no minimum fund balance requirements for any of the School's funds.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (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 will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the 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 Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Sources (Continued)

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

The School is a division of a nonprofit corporation. The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 2, 2013, which is the date the financial statements were available to be issued.

**NOTE 3 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2013:

	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
Capital Assets				
Building & improvements	\$ 16,754	\$ 13,215	\$ -	\$ 29,969
Furniture & equipment	476,424	27,395	-	503,819
Total Capital Assets	<u>\$ 493,178</u>	<u>\$ 40,610</u>	<u>\$ -</u>	<u>\$ 533,788</u>
Less Accumulated Depreciation				
Building & improvements	\$ (6,915)	\$ (4,672)	\$ -	\$ (11,587)
Furniture & equipment	(261,437)	(97,466)	-	(358,903)
Total Accumulated Depreciation	<u>(268,352)</u>	<u>(102,138)</u>	<u>-</u>	<u>(370,490)</u>
Capital Assets, net	<u>\$ 224,826</u>	<u>\$ (61,528)</u>	<u>\$ -</u>	<u>\$ 163,298</u>

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 3 – CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2013 was charged to functions of the School as follows:

Instructional services	\$	61,746
Facilities acquisition and construction		2,560
Food service		2,652
Operation of plant		35,180
Total	\$	<u>102,138</u>

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

The School terminated its contract for the lease of its facilities located at 600 West 20<sup>th</sup> Street, Hialeah, Florida on June 18, 2013. For the year ended June 30, 2013, the total rent expense was approximately \$829,099.

Subsequent to year end, the School entered into a new five year lease agreement for facilities located at 369 East 10<sup>th</sup> Street, Hialeah, Florida commencing on July 15, 2013, with an option to renew for an additional five year term. The annual amount of the lease is \$270,000 in the first year with annual increases of 3% over the preceding year's charge. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2014	\$ 270,000
2015	278,100
2016	286,443
2017	295,036
2018	303,887
Total	<u>\$ 1,433,466</u>

In June 2010, the School entered into a non-exclusive space usage agreement with Excelsior Academy High School ("High School") for the use of the facilities. The School terminated its contract for the lease of its facilities located at 600 West 20<sup>th</sup> Street, Hialeah, Florida on June 18, 2013. The non-exclusive space usage agreement with the High School was also terminated. The amount received from the High School for the year ended June 30, 2013, was \$120,169. At June 30, 2013, the School was due \$55,000 from the High School which was received after year-end. The High School was closed subsequent to year-end.

Finally, the School entered into an agreement in October 2008 to lease equipment through the previous management company. On July 30, 2012, the School entered into an amendment to the agreement. The amendment required that no monthly payments were required for the year ended June 30, 2013. Monthly payments of \$9,806 would commence on July 1, 2013 until June 30, 2014. Total expenses for the year under this lease were \$58,836. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2014	\$ 117,672
Total	<u>\$ 117,672</u>

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 5 – RELATED PARTIES**

Excelsior Academy High School (“High School”) is a separate charter school for students in grades 9<sup>th</sup> through 12<sup>th</sup>. Currently the High School uses the same facility as Excelsior Language Academy of Hialeah Charter School. In addition, they provide the High School with use of the facilities. The School is reimbursed for the use of the facilities based on a flat monthly fee based on a student cost allocation ratio. (See Note 4)

**NOTE 6 – TRANSACTIONS WITH MANAGEMENT COMPANY**

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the School’s books and records, bookkeeping and financial reporting. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of the School. The contract calls for a management fee of \$450 per FTE. During the year-ended June 30, 2013, the School incurred management fees of \$135,025. In December 2012, the contract between the School and Academica Dade, LLC expired. Academica continued managing the School through June 30, 2013, however, the contract was not renewed subsequent to year end.

**NOTE 7 – DEPOSITS POLICY AND CREDIT RISK**

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2013, the carrying amount of the School’s cash deposit account was \$224,670 (operating) and \$75,733 (agency) and the respective bank balances totaled \$325,391 (operating) and \$75,733 (agency). The amount of deposits at year end, were in compliance with the Federal Depositary Insurance Corporation (FDIC) limit. At times during the year the bank balances may exceed the FDIC limit.

**NOTE 8 – GRANTS**

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

**NOTE 9 – DEFINED CONTRIBUTION RETIREMENT PLAN**

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 50% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$11,766 for the year ended June 30, 2013. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by MassMutual Financial Group.

**NOTE 10 – RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 11 – SUBSEQUENT EVENTS**

Subsequent to year end, the School entered into a new five year lease agreement for facilities located at 369 East 10<sup>th</sup> Street, Hialeah, Florida commencing on July 15, 2013, with an option to renew for an additional five year term (See Note 4). The School's enrollment for the 2013-14 school year decreased to approximately 100 students (See Management's Discussion and Analysis).

## REQUIRED SUPPLEMENTAL INFORMATION

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,191,200	\$ 3,200,000	\$ 3,253,157
Charges for services and other grants	84,000	90,000	96,711
Other income	5,000	5,000	8,500
TOTAL REVENUES	<u>\$ 3,280,200</u>	<u>\$ 3,295,000</u>	<u>\$ 3,358,368</u>
EXPENDITURES			
Instructional services	\$ 1,925,000	\$ 1,900,000	\$ 1,902,709
Instructional staff training services	2,000	1,200	1,099
Board	35,000	40,000	38,539
School administration	465,000	450,000	449,178
Facilities acquisition & construction	-	-	10,610
Fiscal services	85,000	84,000	82,725
Central services	115,000	100,000	96,305
Operation of plant	900,000	795,000	793,734
Maintenance of plant	96,000	70,000	66,446
TOTAL EXPENDITURES	<u>\$ 3,623,000</u>	<u>\$ 3,440,200</u>	<u>\$ 3,441,345</u>
Transfers in (out)	<u>(25,000)</u>	<u>38,000</u>	<u>47,304</u>
Net change in fund balance	<u>\$ (367,800)</u>	<u>\$ (107,200)</u>	<u>\$ (35,673)</u>

See accompanying note to the required supplemental information.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE AND CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue and Capital Projects Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 165,000	\$ 144,000	\$ 143,537
Federal lunch program	315,000	378,000	378,241
Federal passed through state and local	137,849	160,000	160,707
Charges for other services	5,000	5,000	5,096
<b>TOTAL REVENUES</b>	<b>\$ 622,849</b>	<b>\$ 687,000</b>	<b>\$ 687,581</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 137,849	\$ 158,000	\$ 158,237
School administration	5,000	7,000	7,730
Facilities acquisition & construction & other capital outlay	35,000	34,000	33,097
Food services	340,000	340,000	330,773
Operation of plant	130,000	110,000	110,440
<b>TOTAL EXPENDITURES</b>	<b>\$ 647,849</b>	<b>\$ 649,000</b>	<b>\$ 640,277</b>
 Transfers in (out)	 25,000	 (38,000)	 (47,304)
 Net change in fund balance	 \$ -	 \$ -	 \$ -

See accompanying note to the required supplemental information.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Agency / Pass-through Entity</b>	<b>Federal CFDA/ Number</b>	<b>Contract / Grant Number</b>	<b>Federal Expenditures</b>	<b>Transfers to Subrecipients</b>
U.S. DEPARTMENT OF AGRICULTURE/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION National School Lunch Program and School Breakfast Program	10.553, 10.555	N/A	\$ 494,496	\$ 117,288
U.S. DEPARTMENT OF EDUCATION/ PASS THROUGH DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY Title I Grants to Local Educational Agencies	84.010	N/A	139,849	-
Total Expenditures of Federal Awards			\$ 634,345	\$ 117,288

See accompanying note to the schedule of expenditures of federal awards.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2013**

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**NOTE A – BUDGETARY INFORMATION**

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2013, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

**NOTE B – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the School for the year ended June 30, 2013, on the accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards received from other government agencies are included in the Schedule. The information in this schedule is in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

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*

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Board of Directors  
Excelsior Language Academy of Hialeah Charter School  
Hialeah, Florida

We have audited, in accordance with the 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 Excelsior Language Academy of Hialeah Charter School (the "School"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 2, 2013.

**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.

*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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 the School's 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 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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Board of Directors  
Excelsior Language Academy of Hialeah Charter School  
Hialeah, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Excelsior Language Academy of Hialeah Charter School's (the "School") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2013. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-1, to be a material weakness.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

The School's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

***Federal Awards***

Type of auditor's report issued on compliance for major program: *Unqualified*

Internal control over major programs:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ☐ yes ☒ no

Identification of major programs:

<b>Federal Program or Cluster</b>	<b>CFDA Number</b>	<b>Expenditures</b>
National School Lunch Program and School Breakfast Program	10.553, 10.555	\$ 494,496
Dollar threshold used to distinguish between type A and type B programs.	\$300,000	
Auditee qualified as low-risk auditee?	No	

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

The audit disclosed no matters that are reportable for the current year.

**SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS**

U.S. DEPARTMENT OF AGRICULTURE

National School Lunch Program and School Breakfast Program – CFDA No.'s 10.553 and 10.555

**2013-1     File Maintenance**

*Material Weakness*

Criteria

Internal controls should be in place to provide reasonable assurance that compliance with federal requirements are met.

Condition

Pursuant to the National School Lunch and Breakfast (NSLP) agreement (#01-0495), the School must maintain files of currently approved free and reduced-price meal benefit applications.

Context

During our tests of controls over compliance, it was noted that eight of the twenty-five student files selected from the lunch program could not be located.

Questioned Costs

N/A

Cause

On June 18, 2013, the School terminated its lease of its facilities located at 600 west 20<sup>th</sup> Street in Hialeah, Florida and relocated to a different location. In the process of relocation, several files were misplaced and could not be located. These misplaced files included NSLP free and reduced-price meal benefit applications.

Effect

Eight student files selected for testing did not contain the required lunch applications, however, the School was able to certify that the students were approved and listed on the state's website.

Recommendation

We recommend that the School establish controls over the student files to ensure all documentation is kept in accordance with the lunch program requirements.

Management Response

In June 2013, the School moved locations and only had a window of three days to relocate equipment and files from the facility. Several of the lunch files were found in a storage room of the old school however, several others could not be located. The students whose files we could not locate, however, were directly certified and are listed on the state's website and in the district's data system as directly certified. This issue will not happen again as binders will be kept in the School's office and the cafeteria manager's office so that we have two copies of all applications.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**SECTION V - OTHER ISSUES**

1. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal award programs.
2. A Corrective Action Plan is required because there were findings required to be reported under the Federal Single Audit Act.

## MANAGEMENT LETTER

Board of Directors  
Excelsior Language Academy of Hialeah Charter School  
Hialeah, Florida

We have audited the basic financial statements of the governmental activities and each major fund of Excelsior Language Academy of Hialeah Charter School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2013, and have issued our report thereon dated September 2, 2013.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' 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*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 2, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to 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 Excelsior Language Academy of Hialeah Charter School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- 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. In connection with our audit, 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 school. The official title of the school is Excelsior Language Academy of Hialeah Charter School.
- Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. 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 management. We applied such procedures as of June 30, 2013 and we noted no deteriorating financial conditions.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Excelsior Language Academy of Hialeah Charter School's management, Board of Directors, others within the entity, and the District School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013