

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING – MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Financial Statements
with Independent Auditors' Reports Thereon**

June 30, 2012



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CERTIFIED PUBLIC ACCOUNTANTS

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**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING – MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management of Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School (the “School”) offers the following narrative overview and analysis of the financial activities of the School for the initial fiscal year ended June 30, 2012. Since this is the initial year of operations, no comparative information is presented.

Management’s discussion and analysis is included at the beginning of the School’s basic financial statements to provide the past and current position of the School’s financial condition. This summary does not replace the audit, which consist of the basis financial statements and other supplemental information.

FINANCIAL HIGHLIGHTS

- ❖ The School is managed by Accelerated Learning Solutions, Inc. through a management agreement.
- ❖ For the fiscal year ended June 30, 2012, the School’s expenses exceeded revenues by \$174,258.
- ❖ As 2012 was the first year of operations, the School invested approximately \$349,000 in computers, furniture and leasehold improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to School’s basic financial statements. The School’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the understanding of the financial condition of School. This document also includes the Independent Auditors’ Report on Compliance and Internal Controls Required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the School’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School’s financial status as a whole.

The two government-wide statements report the School’s net assets and the current year changes. Net assets are the difference between the School’s total assets and total liabilities. Measuring net assets is one way to evaluate the School’s financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include the School's basic services. The business-type activities are those services that the School charges for that are not directly related to the School's mission. For the year ended June 30, 2012, the School had no business-type activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. All of the operations of the School are presented in governmental funds only.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in governmental funds. These funds focus on how assets that can readily be converted into cash flow in and out, and what monies are left at year-end will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements provide a detailed short-term view of the financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts an annual budget for its general fund, as required by the Florida Statutes. The budget is legally adopted by management of the School and its Board. Budgetary comparison schedules have been included as part of the required supplementary information. The budgetary comparison schedules show four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges and ending balances in the general fund, and 4) the variance between the final budget and the actual resources and charges.

Notes to Financial Statements

The notes to financial statements provide additional information essential to the full understanding of the information reported in the government-wide and fund financial statements. The notes to the financial statements start on page 15 of this report.

This report also includes the Independent Auditors' Report on Internal Controls Over Financial Reporting and On Compliance and Other Matters Required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities*.

GOVERNMENT-WIDE ANALYSIS OF THE SCHOOL

The School's combined net assets as of June 30, 2012 are summarized as follows:

ASSETS

Current assets	\$ 828,240
Capital assets, net of depreciation	<u>286,385</u>
Total assets	<u>1,114,625</u>

LIABILITIES

Current liabilities	851,883
Long-term liabilities	<u>437,000</u>
Total liabilities	<u>1,288,883</u>

Net Assets

Investment in capital assets, net of related debt	(62,927)
Restricted:	
Capital purchases or debt service	87,688
Unrestricted	<u>(199,019)</u>
Total net assets	<u>\$ (174,258)</u>

The School has been in operations for one year; therefore, a comparative government-wide financial analysis is not presented.

Change in Net Assets

The School's total expenses exceeded total revenues by approximately \$174,000 in fiscal 2012—see table below.

Revenues:

Federal sources passed through local school district	\$ 81,482
State and local sources	<u>1,373,288</u>
Total revenues	<u>1,454,770</u>

Expenses:

Instruction	480,154
Pupil personnel services	151,493
Board	19,770
General administration	62,593
School administration	470,003
Central services	22,891
Transportation	70,087
Operation of plant	237,378
Maintenance of plant	85,268
Interest	<u>29,391</u>
Total expense	<u>1,629,028</u>
Change in net assets	<u>\$ (174,258)</u>

The School has been in operations for one year; therefore, a comparative statement of activities analysis is not presented.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund deficit of \$23,643.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012, the School invested approximately \$286,000 in capital assets, net of accumulated depreciation of approximately \$63,000.

Leasehold improvements	\$ 195,150
Furniture, fixtures & equipment	<u>154,162</u>
	<u>349,312</u>
Accumulated depreciation	<u>(62,927)</u>
Capital assets, net	<u>\$ 286,385</u>

This year's major capital asset additions included the following:

- Facilities build out - \$195,000
- Computers and related equipment – \$124,000
- Furniture – \$30,000

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-Term Liabilities

Long-term liabilities increased by approximately \$507,000 to finance the completion of the School's build out on its facilities and purchase new computer equipment. The School made principal payments of approximately \$70,000 and paid interest of approximately \$29,400 during fiscal year June 30, 2012. More detailed information about the School's long-term liabilities is presented in Note 4 to the financial statements.

General Fund Budgetary Highlights

In the general fund, budgeted revenues were unfavorable to the budget by approximately \$210,000 primarily due to lower actual enrollment. Actual expenditures were approximately \$235,000 more than budgeted amounts, exclusive of other financing sources (uses), primarily due to current year capital expenditures not budgeted in the general fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Highlights for the Fiscal Year Ended June 30, 2013

Amounts available for appropriation in the general fund are approximately \$1.8 million, an increase over the actual 2012 amount. The change is contributed to an increase in student population.

Budgeted expenditures are expected to increase slightly to approximately \$1.8 million from the fiscal 2012 actual amount. The change is primarily related to an increase in instructional personnel, which will be offset with less budgeted capital expenditures. In order to meet operating needs, the management company has budgeted to defer approximately \$62,000 in management and education fees. The School added no new programs to the fiscal 2013 budget. If these estimates are realized, the School's general fund balance is expected to remain consistent in fiscal 2013.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact Patrick G. Min, CFO at Accelerated Learning Solutions, Inc., 2636 Elm Hill Pike, Suite 500 Nashville, TN 37214.



**Report of Independent Auditors on Basic Financial Statements
and Supplementary Information**

To the Board of Directors of Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information for Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School (the “School”), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the School’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School’s management. 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of information for Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School as of June 30, 2012, and the respective changes in financial position 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 August 17, 2012 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 28 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.

MC CRADY, HESS + RUTH

Maitland, Florida
August 17, 2012

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**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

Statement of Net Assets

June 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 619,122
Restricted cash	87,688
Due from other agencies	121,430
Capital assets:	
Leasehold improvements	195,150
Furniture, fixtures and equipment	154,162
Less accumulated depreciation	<u>(62,927)</u>
Total capital assets, net	<u>286,385</u>
Total assets	<u><u>\$ 1,114,625</u></u>
LIABILITIES	
Due to management company	\$ 851,883
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	71,687
Portion due or payable after one year:	
Notes payable	<u>365,313</u>
Total liabilities	<u>1,288,883</u>
NET ASSETS	
Invested in capital assets, net of related debt	(62,927)
Restricted:	
Capital purchases or debt service	87,688
Unrestricted	<u>(199,019)</u>
Total net assets	<u>(174,258)</u>
Total liabilities and net assets	<u><u>\$ 1,114,625</u></u>

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

Statement of Activities

For the Year Ended June 30, 2012

		Program Specific Revenues			Net (Expenses) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
	Expenses					
Governmental Activities:						
Instruction	\$ 480,154	\$ -	\$ 81,482	\$ -	\$ (398,672)	\$ (398,672)
Pupil personnel services	151,493	-	-	-	(151,493)	(151,493)
Board	19,770	-	-	-	(19,770)	(19,770)
General administration	62,593	-	-	-	(62,593)	(62,593)
School administration	470,003	-	-	-	(470,003)	(470,003)
Central services	22,891	-	-	-	(22,891)	(22,891)
Transportation	70,087	-	-	-	(70,087)	(70,087)
Operation of plant	237,378	-	-	121,430	(115,948)	(115,948)
Maintenance of plant	85,268	-	-	-	(85,268)	(85,268)
Interest	29,391	-	-	-	(29,391)	(29,391)
Total primary government	<u>\$ 1,629,028</u>	<u>\$ -</u>	<u>\$ 81,482</u>	<u>\$ 121,430</u>	<u>(1,426,116)</u>	<u>(1,426,116)</u>
General revenues:						
State and local sources					1,251,858	1,251,858
Total general revenue					1,251,858	1,251,858
Changes in net assets					(174,258)	(174,258)
Net assets at beginning of year					-	-
Net assets at end of year					<u>\$ (174,258)</u>	<u>\$ (174,258)</u>

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

Balance Sheet - Governmental Funds

June 30, 2012

	General Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 619,122	\$ -	\$ 619,122
Restricted cash	87,688	-	87,688
Due from other agencies	-	121,430	121,430
Due from other governmental funds	121,430	-	121,430
Total assets	<u>\$ 828,240</u>	<u>\$ 121,430</u>	<u>\$ 949,670</u>
LIABILITIES			
Due to management company	\$ 851,883	\$ -	\$ 851,883
Due to general fund	-	121,430	121,430
Total liabilities	<u>851,883</u>	<u>121,430</u>	<u>973,313</u>
FUND BALANCES			
Restricted:			
Capital purchases or debt service	87,688	-	87,688
Spendable:			
Unassigned	<u>(111,331)</u>	<u>-</u>	<u>(111,331)</u>
Total fund deficit	<u>(23,643)</u>	<u>-</u>	<u>(23,643)</u>
Total liabilities and fund balances	<u>\$ 828,240</u>	<u>\$ 121,430</u>	<u>\$ 949,670</u>

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets**

June 30, 2012

Total fund deficit - governmental funds	\$ (23,643)
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets are \$349,312 and the accumulated depreciation is \$62,927.	286,385
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Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Notes payable	(437,000)
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Total net assets - governmental activities	\$ (174,258)
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The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficit) of Governmental Funds**

For the Year Ended June 30, 2012

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Federal sources passed through local school district	\$ -	\$ -	\$ 81,482	\$ 81,482
State and local sources	1,251,858	121,430	-	1,373,288
Total revenues	1,251,858	121,430	81,482	1,454,770
EXPENDITURES				
Current:				
Instruction	355,011	-	81,482	436,493
Pupil personnel services	151,493	-	-	151,493
Board	19,770	-	-	19,770
General administration	62,593	-	-	62,593
School administration	470,003	-	-	470,003
Central services	22,891	-	-	22,891
Transportation	70,087	-	-	70,087
Operation of plant	96,682	121,430	-	218,112
Maintenance of plant	85,268	-	-	85,268
Debt service:				
Principal	-	-	70,000	70,000
Interest	-	-	29,391	29,391
Capital outlay	349,312	-	-	349,312
Total expenditures	1,683,110	121,430	180,873	1,985,413
Excess of expenditures over revenues	(431,252)	-	(99,391)	(530,643)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	507,000	-	-	507,000
Operating transfer in	-	-	99,391	99,391
Operating transfer out	(99,391)	-	-	(99,391)
Total other financing sources	407,609	-	99,391	507,000
Net changes in fund balances	(23,643)	-	-	(23,643)
Fund balances at beginning of year	-	-	-	-
Fund deficit at end of year	\$ (23,643)	\$ -	\$ -	\$ (23,643)

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

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING - MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2012

Net changes in fund balance - total governmental funds	\$ (23,643)
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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 and reported as depreciation expense. This is the amount by which capital outlays (\$349,312) exceed depreciation expense (\$62,927) in the current period.	286,385
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Proceeds from issuance of long-term debt are reported as an other financial source in the governmental funds. However, in the statement of activities, the amount of funds borrowed is reported as an increase in long-term debt payable.	(507,000)
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Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.	<u>70,000</u>
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Change in net assets of governmental activities	<u>\$ (174,258)</u>
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The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA HIGH SCHOOL FOR ACCELERATED
LEARNING – MIAMI-DADE CAMPUS, INC.
d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

Notes to Financial Statements

For the Year Ended June 30, 2012

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida High School For Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School (the “School”). The School is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors the (“Board”), which is composed of five members. The School has retained a management company to operate the School (see Note 6).

The general operating authority of 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 School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board (“GASB”).

The School developed a philosophy of recognizing and rewarding each student as an individual. Therefore the education program, goals and objectives, and methods of accountability toward the objectives, must be set according to the situation of each individual student.

The School has selected a self-paced, mastery based, accelerated learning program as the model to implement this philosophy. The goal of the School is to provide, for students that might not be best suited for traditional schools, a school program and education opportunities. These students include, but are not limited to, drop-outs or those in danger of dropping out, students needing more remedial support or individual instruction than can obtained in a traditional high school, and students with family or other situations that prevent attending a regular scheduled program at traditional high schools.

Charter Contract

The School operates under a charter granted by the Miami-Dade School Board (the “School Board”). The current charter expires on June 30, 2016 and may be renewed for a maximum of an additional five years, unless a longer term is required by law, by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

**FLORIDA HIGH SCHOOL FOR ACCELERATED
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d/b/a NORTH PARK HIGH SCHOOL**

**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Notes to Financial Statements
(continued)**

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions in the Florida Statutes, the School is considered as a governmental organization for financial statement reporting purposes. The School is required by its agreement with the School Board to use the governmental reporting model and follow the fund and accounting structure provided in the “Financial and Program Cost Accounting and Reporting for Florida Schools – The Red Book” issued by the FDOE.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School in a manner similar to a private-sector business. The statement of net assets and statement of activities are designed to provide financial information about the School as a whole on an accrual basis of accounting. The statement of net assets provides information about the School’s financial position, its assets and its liabilities, using an economic resources measurement focus.

The statement of activities presents a comparison between direct expenses and program revenue for each function or program of the School’s governmental activities. Direct expenses are those specifically associated with a program or function, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of goods and services offered by the program and grants and contributions that are restricted for meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The governmental fund financial statements report detailed information about the School’s most significant funds, not the School as a whole. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance related requirements. Certain funds are established by law while others are created by grant agreements. The following are major individual governmental funds reported in the fund financial statements:

- General Fund – the School’s primary operating fund that accounts for all financial resources of the school, except those that are required to be accounted for in another fund.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

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**A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Notes to Financial Statements
(continued)**

- Debt Service Fund – to account for the accumulation of resources for, and payment of general long-term debt principal, interest, and related costs.

For the purpose of these statements, the general and capital outlay funds are considered major funds. The debt service and other fund are non-major funds and reported as other governmental funds

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses/expenditures are recognized when a liability is incurred, regardless of the timing the related cash flows take place.

The governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectable within a current period. The School considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the acquisition of long-term debt are reported as other financing sources.

Budgetary Basis Accounting

Budgets are prepared using the modified accrual basis of accounting and the governing board must approve all budgets and amendments. During the fiscal year, expenditures were controlled at the object level. Budgets may be amended by resolution of the Board prior to the date of the annual report.

Cash and Cash Equivalents

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions.

As State of Florida Statutes and the School's policy require, all deposits be made into and held by a financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the

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**Notes to Financial Statements
(continued)**

ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2012.

Restricted Cash

The School has restricted cash of approximately \$87,700 at June 30, 2012, which relates to additional proceeds from the note payable. The proceeds from the School's note payable can be used solely for the purchase or acquisition of capital assets or future debt payments.

Interfund receivables and payables

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The general fund has recorded total receivables of approximately \$121,000 which are related to capital outlay fund for amounts paid by the general fund on behalf of the capital outlay fund.

Interfund transfers

The School reports its debt service fund expenditures in the other governmental funds. For the year ended June 30, 2012, the general funds transferred approximately \$99,400 to the other governmental funds for the current year debt service payments.

Capital Assets and Depreciation

The School's capital assets with useful lives of more than one year are stated at historical cost and reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair value on the date donated. The School capitalizes assets with a cost of \$750 or more. Expenditures of normal maintenance and repair that do not add to the asset value or extend the useful life are not capitalized. Depreciation is computed using the straight-line method. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Leasehold improvements	10
Furniture, fixtures and equipment	3 – 5

Information related to the change in capital assets is described in Note 3.

Long-Term Liabilities

Long-term liabilities financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Changes in long-term liabilities for the current year are reported in Note 4.

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(continued)**

Net Assets and Fund Balance Classifications

Government-wide financial statements

Net assets are classified and reported in three components:

- Investment in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are specifically attributed to the acquisition or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- 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). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

This statement also clarifies the definition of the special revenue fund to denote it may be used to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations or other governmental agencies or for major capital projects) legally restricted to expenditures for specified purposes.

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**Notes to Financial Statements
(continued)**

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for operations are received primarily from the District School Board of Miami-Dade County, Florida pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School Board. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The administrative fee is calculated on the FEFP revenue up to 250 students.

Under provisions of Section 1011.62, Florida Statutes, the School Board reports the number of students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey period. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenues in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is calculated based on (1) unweighted FTE, multiplied by (2) the cost factor for each program multiplied by (3) the base student allocation established by the Florida legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the year ended June 30, 2012, the School reported 232.40 unweighted FTE.

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(continued)**

The School received additional funding under other federal and state grants. This assistance is generally received based on applications submitted to various granting agencies. For federal and state grants in which funding is awarded based on incurring eligible expenditures, revenue is recognized as the amount of eligible expenditures have been incurred.

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

2 DUE FROM OTHER AGENCIES

Due from other agencies included in the accompanying financial statements includes \$121,430 in capital outlay funds receivable from the School Board. Based on the sources of funds, management has evaluated the collectability and an allowance for doubtful accounts is not considered necessary.

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**Notes to Financial Statements
(continued)**

3 CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Leasehold improvements	\$ -	\$ 195,150	\$ -	\$ 195,150
Furniture, fixtures & equipment	-	154,162	-	154,162
Total capital assets	-	349,312	-	349,312
 Accumulated depreciation:				
Leasehold improvements	-	(19,266)	-	(19,266)
Furniture, fixture & equipment	-	(43,661)	-	(43,661)
Total accumulated depreciation	-	(62,927)	-	(62,927)
 Capital assets, net	\$ -	\$ 286,385	\$ -	\$ 286,385
 Depreciation expense:				
Instructional			\$ 43,661	
Operation of plant			19,266	
Total governmental activities depreciation expense			<u>\$ 62,927</u>	

4 LONG-TERM DEBT

The School has entered into a note payable with Building Hope, a Charter School Facilities Fund. The note calls for interest payments only through September 2012. Effective October 2012, principal and interest payments of \$10,668 are due monthly. Interest rate is 8% annual and the note matures September 2016.

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

Balance outstanding at the beginning of year	\$ -
Additions	507,000
Reduction	<u>(70,000)</u>
Balance outstanding at the end of year	<u>\$ 437,000</u>

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(continued)**

Future debt service related to the note payable is as follows as of June 30, 2012:

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 71,687	\$ 33,070	\$ 104,757
2014	102,500	25,521	128,021
2015	111,008	17,013	128,021
2016	120,222	7,799	128,021
2017	31,583	422	32,005
	<u>\$ 437,000</u>	<u>\$ 83,825</u>	<u>\$ 520,825</u>

Interest paid during the year ended June 30, 2012 totaled approximately \$26,500.

5 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

The following is a schedule of state and local revenue sources:

District School Board of Miami-Dade County, Florida:

Florida Education Finance Program	\$ 837,083
Class size reduction	217,520
Capital outlay funding	121,430
Supplemental academic instruction	75,730
Discretionary millage funds	57,478
ESE guaranteed allocation	33,231
Instructional materials	17,412
Transportation	9,263
Safe school	6,540
Science lab materials	909
Discretionary lottery funds	732
Proration to funds available	<u>(4,040)</u>
Total	<u>\$ 1,373,288</u>

The administrative fee paid to the School Board during the year ended June 30, 2012 totaled approximately \$70,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

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**Notes to Financial Statements
(continued)**

6 MANAGEMENT AND EDUCATION CONTRACTS

Management Contract

The School has entered into a contractual agreement with Accelerated Learning Solutions, Inc., a Tennessee Corporation ("ALS"), to provide management and consulting services to the School. The management agreement commenced January 2011 for an initial five year term and is automatically renewable for successive five year terms unless notice of intent not to renew is executed six months prior to its anniversary by either party. Under the terms of the agreement, the School is charged fees for services of thirteen percent (13%) of the School's qualified gross revenues as defined by the agreement in the first year of the School's operations, twelve (12%) of the School's qualified gross revenues in the second year and eleven (11%) of the School's qualified gross revenues in the third year of the School's operations and for subsequent years thereafter. Qualified gross revenues include various state, federal and local source revenues with certain exceptions. Qualified gross revenues exclude student fees, PTA/PTO income and any state or federal funding that is meant to be a reimbursement of expenditures on a dollar for dollar basis.

In return for the fees ALS shall be responsible for providing management and consulting services in the areas of financial operations, facility and equipment procurement and maintenance, curriculum assessment and evaluation, technology and operational support, human resources and student recruitment.

The contract may be terminated by the School for non-renewal of the charter with the School Board and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by ALS for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to ALS, material changes in federal or state funding, or other material breaches of the contract terms by the School which have not been cured within ninety days of written notice at the time of the contract breach.

For the year ended June 30, 2012, the School incurred approximately \$153,000 of management fees and is reflected as a school administration expense/expenditure in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The amount of fees incurred during 2012 are included in due to management company in the accompany statement of net assets and balance sheet – governmental funds.

Education Contract

The School has also entered into a contractual agreement with ALS to provide education services to the School. The agreement commenced January 2011 for an initial five year term and is automatically renewable for successive five year terms unless notice of intent not to renew is executed six months prior to its anniversary by either party. Under the terms of the agreement, the School is charged fees for services of three percent (3%) of the School's

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**Notes to Financial Statements
(continued)**

qualified gross revenues as defined above. In addition, the School must pay ALS all salary and hourly benefit costs of the personnel employed by ALS for the School, and all direct, third party costs incurred by ALS in connection with providing the educational program services.

In return for the above fees ALS shall be responsible for providing the educational program for the School subject to the approval of the School and consistent with the mission set forth in the School's charter. ALS shall also recruit, select and employ the School's principal and other personnel deemed necessary by the ALS and the School for the School's operations.

The contract may be terminated by the School for non-renewal of the charter with the School Board and for breaches of contract terms which have not been cured within ninety days of written notice at the time of the contract breach. The contract may be terminated by the ALS for fiscal year operating deficits (excluding the first year of operations), failure to pay fees due to the ALS, material changes in federal or state funding, or other material breaches of contract terms by the School which have not been cured within ninety days of written notice at the time of the contract breach.

For the year ended June 30, 2012, the School incurred approximately \$35,000 of education services and is reflected as a school administration expense/expenditure in the accompanying statements of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. The amount of fees incurred during 2012 are included in due to management company in the accompany statement of net assets and balance sheet – government funds.

Deferral of fees

Based on the addendum to management agreement dated January 25, 2011, ALS has agreed to the deferral its monthly fees (or such portion thereof as may be necessary) until the School has the ability to pay the continuing fee without creating a condition of financial emergency. The amounts due to the management company for the above fees continue to be deferred, however the fees are considered to be due on demand and are reported in due to management company in the accompanying statement of net assets.

7 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

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**Notes to Financial Statements
(continued)**

8 COMMITMENTS AND CONTINGENT LIABILITIES

Lease commitment

The School entered into a lease agreement for the facilities of the School, which expires June 30, 2016. The lease requires monthly payments of \$14,500 through the term of the lease. The lease contains a renewal option for one additional five year term. Total expense in connection with the facility lease amounted to approximately \$174,000 for the year ended June 30, 2012.

Future lease payments, including the annual increases are as follows:

Year Ended June 30:		
2013	\$	174,000
2014		174,000
2015		174,000
2016		174,000
Total	\$	<u>696,000</u>

Retirement benefits

The School does not provide post-retirement benefits to retired employees. All employees are employees of the management company and benefits are the management company's sole responsibility.

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired.

In the opinion of the School, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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**Notes to Financial Statements
(continued)**

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Management believes there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

9 INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is therefore, exempt from income taxes. Accordingly, no tax provision has been made in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to the financial statements. Fiscal year 2012 will be the School's first tax year; therefore, there are no tax years open for examination by tax authorities.

10 SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 17, 2012, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Budget Comparison Schedule - General Fund

For the Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
State and local sources	\$ 1,461,763	\$ 1,461,763	\$ 1,251,858	\$ (209,905)
Total revenues	1,461,763	1,461,763	1,251,858	(209,905)
EXPENDITURES				
Current:				
Instruction	425,563	425,563	355,011	(70,552)
Pupil personel services	187,283	187,283	151,493	(35,790)
Board	18,520	18,520	19,770	1,250
General administration	71,918	71,918	62,593	(9,325)
School administration	459,813	459,813	470,003	10,190
Central services	6,500	6,500	22,891	16,391
Transportation	31,000	31,000	70,087	39,087
Operation of plant	151,150	151,150	96,682	(54,468)
Maintenance of plant	96,150	96,150	85,268	(10,882)
Capital outlay	-	-	349,312	349,312
Total expenditures	1,447,897	1,447,897	1,683,110	235,213
Excess (deficiency) of revenue over expenditures	13,866	13,866	(431,252)	(445,118)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	507,000	507,000
Operating transfer out	-	-	(99,391)	(99,391)
Total other financing sources	-	-	407,609	407,609
Net changes in fund balances	13,866	13,866	(23,643)	(37,509)
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ 13,866	\$ 13,866	\$ (23,643)	\$ (37,509)

See report of independent auditors.



**Report of Independent Auditors 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 of Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School,
a Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School, (the “School”), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the School’s basic financial statements and have issued our report thereon dated August 17, 2012. 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

Management of the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School’s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in interna

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's basic 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 management of the School, the District School Board of Miami-Dade County, Florida, the Florida Department of Education and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

MC CRADY, HESS + RUTH

Maitland, Florida
August 17, 2012

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**Additional Information Required by
Rules of the Auditor General,
Chapter 10.850, *Audits of Charter Schools
and Similar Entities***



**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School, a Charter School and Component Unit of the District School Board of Miami-Dade County Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Florida High School for Accelerated Learning – Miami-Dade Campus, Inc. d/b/a North Park High School, (the “School”) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 17, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports and schedules, which are dated August 17, 2012, 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:

- 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. Fiscal year 2012 is the initial audit of the School, therefore, this section is not applicable for the year ended.
- 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 violations of provisions of contract 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 more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the School is Florida High School for Accelerated Learning – Greater Miami Campus, Inc. d/b/a North Park High School.
- 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 conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.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 the same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Board of Directors, the Sponsor and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

MC CRADY, HESS + RUTH

Maitland, Florida
August 17, 2012

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