

ACHIEVE THROUGH EDUCATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005 AND 2004
AND INDEPENDENT AUDITOR'S REPORT

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MANAGEMENT AND
INVESTMENT ADVISORS



MAGRAM, MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS



MAGRAM, MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

GARY R. MAGRAM, C.P.A.
HOWARD J. MAGRAM, C.P.A.

MEMBERS: AMERICAN INSTITUTE OF C.P.A.'S
FLORIDA INSTITUTE OF C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Achieve Through Education, Inc.

We have audited the accompanying statement of financial position of Achieve Through Education, Inc., as of December 31, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Achieve Through Education, Inc., as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basis financial statement taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis as required by the Miami-Dade County School Board and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Magram & Magram, P.A.

MAGRAM & MAGRAM, P.A.
March 29, 2006

ACHIEVE THROUGH EDUCATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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ACHIEVE THROUGH EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION

	ASSETS	Years Ended December 31,	
		2005	2004
CURRENT ASSETS			
Cash and cash equivalents		\$ 70,925	\$ 67,369
Investment		-	103,818
Prepaid expenses		22,812	22,142
TOTAL CURRENT ASSETS		93,737	193,329
PROPERTY AND EQUIPMENT			
Leasehold improvements		360,347	360,347
Furniture and equipment		60,700	60,700
Transportation equipment		33,562	26,062
TOTAL PROPERTY AND EQUIPMENT		454,609	447,109
Less accumulated depreciation		(313,378)	(266,605)
PROPERTY AND EQUIPMENT, NET		141,231	180,504
OTHER ASSET, Deposits		26,500	24,000
TOTAL ASSETS		<u>\$ 261,468</u>	<u>\$ 397,833</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Line of credit		\$ -	\$ 79,000
Current portion long-term debt		2,757	2,608
Accounts payable and accrued expenses		77,741	79,445
TOTAL CURRENT LIABILITIES		80,498	161,053
LONG-TERM DEBT, Note payable		2,915	5,672
NET ASSETS			
Contributed capital		446,657	446,657
Unrestricted net assets (deficit)		(268,602)	(215,549)
TOTAL NET ASSETS		178,055	231,108
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 261,468</u>	<u>\$ 397,833</u>

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

ACHIEVE THROUGH EDUCATION, INC.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2005	2004
REVENUE		
Contract fees	\$ 2,708,626	\$ 2,598,551
Interest	1,123	1,488
Rent	19,000	-
TOTAL REVENUE	<u>2,728,749</u>	<u>2,600,039</u>
FUNCTIONAL EXPENSES		
Salaries and related costs	1,653,964	1,644,831
Insurance	307,056	321,687
Rent	272,498	256,692
Payroll taxes	150,732	150,076
Utilities	58,257	55,100
Subcontract labor	79,601	80,098
Repairs and improvements	23,222	35,851
Depreciation	46,773	45,749
Office and school supplies	21,224	46,014
Building maintenance	14,510	26,170
Telephone	19,394	19,880
Transportation costs	21,338	19,293
Retirement Plans	52,798	90,046
Equipment rental	22,264	17,634
Professional fees	18,572	6,070
Bank charges	3,189	1,529
Special events	6,163	16,695
Licenses and taxes	6,956	11,185
Interest	3,291	1,586
TOTAL FUNCTIONAL EXPENSES	<u>2,781,802</u>	<u>2,846,186</u>
CHANGE IN NET ASSETS	(53,053)	(246,147)
NET ASSETS AT BEGINNING OF YEAR	<u>(215,549)</u>	<u>30,598</u>
NET ASSETS AT END OF YEAR	<u>\$ (268,602)</u>	<u>\$ (215,549)</u>

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

ACHIEVE THROUGH EDUCATION, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (53,053)	\$ (246,147)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,773	45,749
Changes in operating assets		
Prepaid expenses	(670)	2,405
Deposits	(2,500)	-
Accounts payable	(1,704)	(7,637)
NET CASH (USED BY) OPERATING ACTIVITIES	(11,154)	(205,630)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investment	104,941	-
Purchase of investment	(1,123)	(1,488)
Purchase of property and equipment	(7,500)	(7,181)
NET CASH PROVIDED (USED BY) INVESTING ACTIVITIES	96,318	(8,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments insurance finance agreements	-	(15,453)
Proceeds (repayment) of line of credit, net	(79,000)	79,000
Payments on note payable	(2,608)	(2,468)
NET CASH PROVIDED (USED BY) FINANCING ACTIVITIES	(81,608)	61,079
NET INCREASE (DECREASE) IN CASH	3,556	(153,220)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	67,369	220,589
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 70,925	\$ 67,369
SUPPLEMENTAL DATA		
Cash paid for interest	\$ 3,291	\$ 1,586

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

ACHIEVE THROUGH EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Achieve Through Education, Inc. (the Organization) formerly Adult Mankind Organization-Educational Division, Inc. is a Not-for-Profit Florida registered Corporation established in October 8, 1997.

Under the terms of a contract with the Miami-Dade County School Board (School Board), the Organization operates two alternative schools as part of the School Board's Outreach Program. One school is located in West Miami-Dade County and the other in Hialeah Gardens. The contract allows the organization to maintain student enrollment at a level of 650 full time equivalent units.

Students who attend these schools have been unable to succeed in the traditional school environment and therefore are eligible to participate in the Alternative Schools Outreach Program offered by the Miami-Dade County Public School System. The alternative schools must adhere to all administrative and curriculum matters of the Miami-Dade County Public Schools System.

Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes-permanently restricted, temporarily restricted, or unrestricted.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

The Organization considers all unrestricted short-term investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost at date of acquisition. The Organization capitalizes property and equipment with a cost over \$1,000. Depreciation is computed using the straight-line method over their estimated useful life of three to ten years.

ACHIEVE THROUGH EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(CONTINUED)

Property and Equipment (continued)

Depreciation expense for the years ended December 31, 2005 and 2004 were \$46,773 and \$45,749, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore there is no provision for federal income taxes in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing services and other activities have been summarized on a functional basis in the statement of activities.

NOTE 2 - INVESTMENT

The investment at December 31, 2004 consist of a certificate of deposit maturing October 1, 2005.

NOTE 3 - LINE OF CREDIT

The Organization had a \$100,000 line of credit from the Continental National Bank of Miami at December 31, 2004 which was paid off and cancelled in October, 2005. This line beared interest at 2% above the bank's certificate of deposit rate (3.45% at December 31, 2004). Borrowing under the line was collateralized by all deposit accounts and the certificate of deposit. On February 11, 2006, the Organization obtained a line of credit with the Wachovia Bank with maximum borrowing of \$200,000.

ACHIEVE THROUGH EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(CONTINUED)

NOTE 4 - LONG-TERM DEBT

Long-term debt at December 31, 2005 and 2004 consists of an installment note requiring monthly payments of \$250 including interest at 5.95%. This note is secured by a vehicle and matures in November 3, 2007.

Maturities of long-term debt are as follows:

2006	\$ 2,757
2007	<u>2,915</u>
	<u>\$ 5,672</u>

NOTE 5 - OPERATING LEASES

The Organization leases buildings and office space from which it conducts its operations. The Organization is responsible for insurance and repairs. These leases have various termination dates, renewal options and escalating provisions. Rent expense under these operating leases were \$262,192 and \$247,114 for the year ended December 31, 2005 and 2004, respectively. The leases all terminate if the Organization 's contract with Miami-Dade County School Board is cancelled.

The following is a schedule of the non-cancellable lease obligations for the remainder of the leases:

2006	\$ 306,541
2007	306,541
2008	295,112
2009	169,388
2010	<u>163,718</u>
	<u>\$1,241,300</u>

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Organization received all of its revenue from the Miami-Dade County School Board. The basis of payment is the number of students attending the schools, measured in "Full Time Equivalent Units", (FTE), three times a year. The amount received by the Organization is the FTE units at the prescribed contract rate. The School Board at its discretion may request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the contract.

The Organization maintains cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2004 the Organization exceeded the insured limit by \$86,915.

ACHIEVE THROUGH EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(CONTINUED)

NOTE 7 - RETIREMENT PLANS

The Organization offers all eligible employees participation in a Simple IRA plan under section 408(p) of the Internal Revenue Code. The purpose of the plan is to provide benefits upon retirement for eligible participants. The Organization makes a matching contribution not to exceed the employee's contribution, or 3% of the participant's gross pay, contributions for the year ended December 31, 2005 and 2004 were \$12,798 and \$10,046, respectively. The Organization funds its contribution on a current basis and as of December 31, 2005 and 2004 the employers matching contributions were fully funded.

The Board of Directors has approved retirement benefits for life of the past Executive Director of the Organization. These benefits include a monthly payment for the year ended December 31, 2005 and 2004 in the amount of \$3,333 and \$6,667 plus medical and life insurance. These benefits will continue as long as the Organization continues receiving funding from the Miami-Dade School Board.

NOTE 8 - RELATED PARTY TRANSACTION

The Organization received rental income in the amount of \$19,000 for the use of its facility by an Organization whose executive director is related to the executive director of the Organization.

Additionally, the Organization uses copy machines under a master lease of a related organization. As such, equipment rent in the amount of \$22,204 was paid to this Organization, whose executive director is related to the executive director of the Organization.

SUPPLEMENTARY INFORMATION

ACHIEVE THROUGH EDUCATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES
DECEMBER 31, 2005

	PROGRAM SERVICES		SUPPORTING SERVICES	
	WEST HIALEAH INSTITUTE	WEST DADE INSTITUTE	MANAGEMENT AND GENERAL	TOTAL
REVENUE				
Contract fees	\$ 1,501,885	\$ 1,206,741	\$ -	\$ 2,708,626
Interest	-	-	1,123	1,123
Rent	19,000	-	-	19,000
TOTAL REVENUE	1,520,885	1,206,741	1,123	2,728,749
FUNCTIONAL EXPENSES				
Salaries and related costs	833,916	709,748	110,300	1,653,964
Insurance	141,093	143,000	22,963	307,056
Rent	141,380	124,342	6,776	272,498
Payroll taxes	76,876	64,805	9,051	150,732
Utilities	32,459	25,798	-	58,257
Subcontract labor	36,408	43,193	-	79,601
Repairs and improvements	14,094	9,128	-	23,222
Depreciation	33,350	12,321	1,102	46,773
Office and school supplies	8,678	9,384	3,162	21,224
Building maintenance	10,097	3,873	540	14,510
Telephone	6,729	8,125	4,540	19,394
Transportation costs	11,994	9,344	-	21,338
Retirement benefits	840	10,518	41,440	52,798
Equipment rental	9,728	12,536	-	22,264
Professional fees	-	-	18,572	18,572
Bank charges	1,595	1,594	-	3,189
Special events	3,400	2,763	-	6,163
Licenses and taxes	6,594	318	44	6,956
Interest	1,269	874	1,148	3,291
TOTAL FUNCTIONAL EXPENSES	1,370,500	1,191,664	219,638	2,781,802
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 150,385	\$ 15,077	\$ (218,515)	\$ (53,053)

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

ACHIEVE THROUGH EDUCATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES
DECEMBER 31, 2004

	PROGRAM SERVICES		SUPPORTING SERVICES	
	WEST HIALEAH INSTITUTE	WEST DADE INSTITUTE	MANAGEMENT AND GENERAL	TOTAL
REVENUE				
Contract fees	\$ 1,403,969	\$ 1,194,582	\$ -	\$ 2,598,551
Interest	-	-	1,488	1,488
TOTAL REVENUE	1,403,969	1,194,582	1,488	2,600,039
FUNCTIONAL EXPENSES				
Salaries and related costs	820,277	706,354	118,200	1,644,831
Insurance	145,438	150,023	26,226	321,687
Rent	130,634	119,745	6,313	256,692
Payroll taxes	77,005	63,348	9,723	150,076
Utilities	29,239	25,861	-	55,100
Subcontract labor	39,867	40,231	-	80,098
Repairs and improvements	25,669	10,182	-	35,851
Depreciation	33,350	11,330	1,069	45,749
Office and school supplies	27,573	17,444	997	46,014
Building maintenance	15,912	9,763	495	26,170
Telephone	8,642	8,172	3,066	19,880
Transportation costs	9,870	7,719	1,704	19,293
Retirement benefits	4,479	4,127	81,440	90,046
Equipment rental	11,146	6,488	-	17,634
Accounting and auditing	2,480	1,270	2,320	6,070
Bank charges	765	764	-	1,529
Special events	8,766	7,105	824	16,695
Licenses and taxes	10,119	1,066	-	11,185
Interest	1,067	519	-	1,586
TOTAL FUNCTIONAL EXPENSES	1,402,298	1,191,511	252,377	2,846,186
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 1,671	\$ 3,071	\$ (250,889)	\$ (246,147)

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

ACHIEVE THROUGH EDUCATION, INC.
SUPPLEMENTARY INFORMATION
AUDIT COMPLETION CHECKLIST DECEMBER 31, 2005

Item 1 -	Name and address of schools:	West Dade Institute 9708 S.W. 24 Street Miami, FL 33165	West Hialeah Institute 7880 N.W. 103 Street Hialeah, FL 33016
Item 2 -	School principals:	Mr. Pedro A. Perez	Ms. Julie Alvero
Item 3 -	Current list of Board of Directors:		
	President	Ms. Silvia Pique Alvarez	Ms. Silvia Pique Alvarez
	Secretary	Mr. Gustavo Membiela	Mr. Gustavo Membiela
	Treasury	Mr. Manuel Gonzalez	Mr. Manuel Gonzalez

Item 4 - Not applicable, the schools are not managed by a management company.

Item 5 - The financial statements presented are comparative.

Item 6 - The financial statements are presented as Not-For-Profit Corporation.

Item 7 - a. Enrollment is measured in full time equivalents units, (FTE). The schools are required to report FTE's three times a year. The FTE's for the year ended December 31, 2005 were as follows:

Report date	Grades	Total	West Dade Institute	West Hialeah Institute
March-05	6th through 8th	163	124	39
March-05	9th through 12th	475	253	222
		<u>638</u>	<u>377</u>	<u>261</u>
July-05	6th through 8th	122	12	110
July-05	9th through 12th	327	76	251
		<u>449</u>	<u>88</u>	<u>361</u>
November-05	6th through 8th	114	23	91
November-05	9th through 12th	330	175	155
		<u>444</u>	<u>198</u>	<u>246</u>

- b. See notes to financial statements for all disclosures.
- c. Not applicable, there are no debts in arrears.
- d. Not applicable, these are alternative schools not charter schools.
- e. Not applicable, there is no cash deficit.
- f. See notes to financial statements for all disclosures.

Item 8 - Not applicable, submittal not late.

Item 9 - Not applicable, there are no management letter comments.

Item 10 - Information about the Certified Public Accounts:
Magram & Magram, Certified Public Accountants
License number: AD#0019252 expires 12/31/2006, status active



MAGRAM, MAGRAM, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

GARY R. MAGRAM, C.P.A.
HOWARD J. MAGRAM, C.P.A.

MEMBERS: AMERICAN INSTITUTE OF C.P.A.'S
FLORIDA INSTITUTE OF C.P.A.'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER
MATTERS ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board Of Directors
Achieve Through Education, Inc.

We have audited the financial statements of Achieve Through Education, Inc. as of and for the year ended December 31, 2005, and have issued our report thereon dated March 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Achieve Through Education, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion of 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, and Granting Agencies and is not intended to be and should not be used by anyone other than those specified parties.



Magram & Magram, P.A.

March 29, 2006