



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Rudolph F. Crew, Ed.D.

Chief Auditor
Allen M. Vann, CPA

April 17, 2007

Miami-Dade County School Board
Agustin J. Barrera, Chair
Dr. Martin Karp, Vice Chair
Renier Diaz de la Portilla
Evelyn Langlieb Greer
Perla Tabares Hantman
Dr. Robert B. Ingram
Ana Rivas Logan
Dr. Marta Pérez
Dr. Solomon C. Stinson

Members of the School Board Audit Committee

Ladies and Gentlemen:

The four charter schools indicated on this meeting's agenda were originally presented to the Audit Committee at its January 30, 2007 meeting, but discussion and transmission were deferred to this meeting either because representatives of the schools were not present to address the committee's questions or, in the case of Sunshine Academy Charter School, the issues warranted a follow-up at this meeting. Specific issues are as follows:

- **International Studies Charter High School** - The Audit Committee asked for evidence of any market analysis or due diligence studies performed to assure the lease was favorable to the school. The school's accountant e-mailed the Office of Management and Compliance Audits on April 10, 2007 and indicated that previously submitted documents included the board minutes approving the short-term lease of this temporary facility (\$22.00/sq ft) along with a letter from International Studies Charter High School's attorney. She spoke to the attorney and a market analysis was not prepared as they had been looking at four (4) different facilities and the price per square foot seemed very reasonable.
- **Rosa Parks Charter School – Florida City** – The representative from the school missed the meeting due to a medical emergency. The school had a receivable from Work America, Inc. of \$328,570 that required explanation. The June 30, 2006 audited financial statements and related correspondences are included in this agenda packet for the Audit Committee's review.
- **Florida School for Integrated Academics and Technologies** – There appeared to be a conflict of interest with a Board Member. However, the school subsequently submitted requested documentation to the Office of Management and Compliance Audits satisfying us that there is no conflict of interest.

Follow-up on Charter Schools Presented at the
January 30, 2007 Audit Committee Meeting
April 17, 2007
Page 2

- **Sunshine Academy Charter School** – There were a number of financial issues discussed at the January 30, 2007 meeting including the Principal's husband being an authorized signer on the school's bank accounts and a \$10,000 loan made to a Broward County charter school. Since the January 30 meeting, the school has not provided either the Office of Management and Compliance Audits or the Charter School Operations department documentary evidence that promised corrective actions have been taken. The two aforementioned offices met with the Chair of the school's governing board on April 11, 2007, and discussed the lack of evidence of corrective actions and other compliance issues. The Chair of the governing board indicated that there is a substantial conflict between the governing board and the principal and that both parties have hired attorneys. The governing board Chair indicated that the Principal has not provided the school's board with basic financial information or other requested evidence. Charter School Operations will continue to monitor the school.

Sincerely,



Allen M. Vann, CPA, Chief Auditor
Office of Management and Compliance Audits

AMV:em
L127
Attachments

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

2006 SEP -7 PM 14:00
AND FINANCIAL STATEMENTS

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**ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL
BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
FOR THE YEAR ENDED JUNE 30, 2006**

GENERAL INFORMATION

BOARD OF DIRECTORS

2005 – 2006

**Mr. Jack Leonard, Chairman
Ms. Magdalene Altidor, Vice-Chair
Mr. Benton L. Becker, Counsel
Ms. Patricia Mellerson, Secretary
Dr. Jessica Rivera, Treasurer
Ms. Lynn Carrillo, Member
Rev. Clinton Terry, Member
Mr. Herbert J. Coleman, Founder**

2004 – 2005

**Mr. Jack Leonard, Chairman
Ms. Magdalene Altidor, Vice-Chair
Mr. Benton L. Becker, Counsel
Ms. Patricia Mellerson, Secretary
Ms. Lynn Carrillo, Member
Rev. Clinton Terry, Member
Mr. Herbert J. Coleman, Founder**

SCHOOL ADMINISTRATION

Ms. Marva DeSilva, School Director

GENERAL INFORMATION

MANAGEMENT COMPANY

**Work America, Inc.
3050 Biscayne Blvd., Suite 501
Miami, Fl. 33137**

**Mr. Herbert J. Coleman, MSE – President & CEO
Ms. Marva DeSilva – Executive Vice-President & COO
Dr. W. Dean Goldsby – Senior Vice-President of Economic Development & Special Projects**

NAME AND ADDRESSES OF SCHOOL LOCATIONS

Rosa Parks Charter Schools, Inc., 303 and 713 West Palm Drive, Florida City, Fl. 33034

TOTAL SCHOOL ENROLLMENT AND GRADE CONFIGURATION

Rosa Parks Charter Schools, Inc., Florida City

GRADE	TOTAL	%
K	25	13%
1	25	13%
2	22	11%
3	24	12%
4	19	10%
5	18	9%
6	26	13%
7	20	10%
8	17	9%
TOTAL	<u>196</u>	<u>100%</u>

L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

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Telephone (954) 812-5515

◆◆◆
Member American and Florida Institutes of Certified Public Accountants

Deerfield Beach, Florida 33443-1064
Fax (954) 970-4393

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rosa Parks Charter Schools, Inc.
Florida City
Miami, Florida

We have audited the accompanying basic financial statements of Rosa Parks Charter Schools, Inc., Florida City (the "School"), a non-major component unit of the District School Board of Miami-Dade, for the years ended June 30, 2006 and 2005. These basic financial statements are the responsibility of the management of Rosa Parks Charter Schools, Inc. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Chapter 10.850, Charter Schools Audits, issued by the Auditor General of the State of Florida. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The basic financial statements, referred to in the first paragraph, were prepared for the purpose of complying with Part 1V of the Charter School contract between the District School Board of Miami-Dade County and Rosa Parks Charter Schools, Inc. These financial statements were prepared to present the financial position and changes in net assets of Rosa Parks Charter Schools, Inc. and is not intended to be a complete presentation of the financial position and changes in net assets of the District School Board of Miami-Dade County.

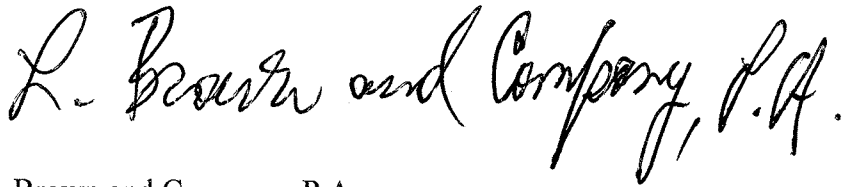
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Rosa Parks Charter Schools, Inc. as of June 30, 2006 and 2005, and the results of its operations for the years then ended in conformity with United States of America generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2006, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Directors
August 30, 2006

The Management's Discussion and Analysis (MD&A) on pages five through ten and the schedules of revenues, expenditures and changes in fund balance – budget to actual are not a required part of the basic financial statements but are supplementary information required by *Government Auditing Standards*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis 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.

A handwritten signature in cursive script that reads "L. Brown and Company, P.A.".

L. Brown and Company, P.A.
August 30, 2006

**ROSA PARKS CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

The corporate officers of Rosa Parks Charter Schools, Inc. (the School) have prepared this narrative overview and analysis of the financial activities for the years ended June 30, 2006 and 2005.

FINANCIAL HIGHLIGHTS

Some highlights for the years ended June 30, 2006 and 2005 were as follows:

2006 –

- * The School received approximately \$1,274,000 in FTE funds from the District School Board of Miami-Dade County in fiscal year ended June 30, 2006.
- * The School received approximately \$84,000 in capital outlay funds from the District School Board of Miami-Dade County for the fiscal year ended June 30, 2006.
- * Total assets of the School increased by approximately \$161,000 from fiscal year 2004 to 2005.
- * At June 30, 2006, assets of the School exceeded its liabilities by approximately \$346,000.

2005 -

- * The School received approximately \$928,000 in FTE funds from the District School Board of Miami-Dade County in fiscal year ended June 30, 2005.
- * The School received approximately \$77,000 in capital outlay funds from the District School Board of Miami-Dade County for the fiscal year ended June 30, 2005.
- * Total assets of the School increased by approximately \$183,000 from fiscal year 2003 to 2004.
- * At June 30, 2005, assets of the School exceeded its liabilities by approximately \$177,000.

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 years ended June 30, 2006 and 2005 are presented under GASB #34 as required. 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 supplementary information in addition to the basic financial statements.

**ROSA PARKS CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

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 the private sector business.

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The differences between the two is reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets are reported when the underlying event 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 11-12 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government 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.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

Notes to 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 the financial statements can be found on pages 17 – 24 of this report.

**ROSA PARKS CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by approximately \$346,000 and \$177,000 at the close of fiscal years 2006 and 2005, respectively. A summary of the School's net assets for the fiscal years 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Cash	\$ 4,306	\$95,648
Grants receivable	23,270	7,072
Due from related party	328,570	88,773
Furniture, fixtures and equipment, net	7,490	10,681
Other assets – security deposits	<u>3,680</u>	<u>3,680</u>
Total Assets	<u>\$367,316</u>	<u>\$205,854</u>
Accounts payable & accrued liabilities	<u>\$21,707</u>	<u>\$28,552</u>
Total Liabilities	<u>\$21,707</u>	<u>\$28,552</u>
Invested in capital assets, net of related debt	\$ 7,490	\$ 10,681
Unrestricted net assets	<u>338,119</u>	<u>166,621</u>
Total Net Assets	<u>\$345,609</u>	<u>\$177,302</u>

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
REVENUES:		
County funding	\$1,274,396	\$ 928,272
Capital outlay funding	84,300	77,275
State of Florida funding	91,998	61,366
Miscellaneous income	<u>3,891</u>	<u>3,637</u>
TOTAL REVENUES	<u>\$1,454,585</u>	<u>\$1,070,550</u>

**ROSA PARKS CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
EXPENDITURES:		
Instruction	\$545,120	\$388,473
General administration	66,715	33,866
School administration	217,372	247,814
Facilities acquisition & construction	160,200	84,300
Fiscal services	11,993	2,650
Food services	101,978	70,561
Pupil transportation services	99,996	43,366
Operation of plant	20,793	14,695
Maintenance of plant	58,920	47,871
Unallocated depreciation	<u>3,191</u>	<u>3,191</u>
TOTAL EXPENDITURES	<u>\$1,286,278</u>	<u>\$ 936,787</u>
CHANGE IN NET ASSETS	168,307	133,763
NET ASSETS AT BEGINNING	<u>177,302</u>	<u>43,539</u>
NET ASSETS AT END	<u>\$ 345,609</u>	<u>\$ 177,302</u>

Lease of Facility

The School leased facilities, during fiscal year 2004, in the Florida City section of Miami-Dade County, Florida, from a related organization (Work America, Inc.) utilizing capital outlay funds. The facilities consist of 15,500 square feet in multiple buildings. The buildings have capacity for up to 16 classrooms to house the School's students. The facilities are fully accessible to individuals with disabilities in compliance with the Americans with Disabilities Act, Section 504 of the Rehabilitative Act of 1973, and other applicable state/federal laws.

School Locations

The School has facilities located at 303 and 713 West Palm Drive, Florida City, Fl. 33034.

**ROSA PARKS CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

Capital Improvement Requirements

The activities undertaken by the School during 2005-2006 allow it to operate in the immediate future without the need for additional substantial capital improvements for it to service its existing client base.

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, *unreserved fund balance* may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

Capital Assets

The School's investments in capital assets as of June 30, 2006 and 2005 amount to approximately \$7,500 and \$10,600 (net of accumulated depreciation), respectively. This investment in capital assets includes furniture, fixtures and computer equipment.

GENERAL FUND BUDGET ANALYSIS AND HIGHLIGHTS

Prior to the start of the School's fiscal year, the Board of directors 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. Budget to actual comparisons for fiscal years 2006 and 2005 are presented on Pages 25 and 26.

Variations reported in the budget to actual comparison for fiscal years 2006 and 2005 resulted primarily from the following:

**ROSA PARKS CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

2006 -

- (1) Fiscal year 2006 budget for County Funding was prepared using the 2005 funding formula as the latest School District FTE formulae was not available at the time the 2006 budget was prepared. This resulted in an excess of actual FTE revenue over budget.
- (2) Actual salaries were lower than budgeted due to unfilled vacancies in several positions.
- (3) Several employees opted out of the health insurance plan resulting in lower benefits expenses than budgeted.
- (4) Actual purchased services expenses were higher than budgeted because management fee, insurance, consulting fees, bus transportation, and the meals program were budgeted at a lower amount than actual due to lower anticipated enrollment.
- (5) Actual material and supplies expenses were higher than budgeted because janitorial and maintenance supplies were not included in the budget projections.

2005 -

- (1) Fiscal year 2005 budget for County Funding was prepared using the 2004 funding formula as the latest School District FTE formulae was not available at the time the 2005 budget was prepared. This resulted in an excess of actual FTE revenue over budget.
- (2) Actual salaries were higher than budgeted due to several new positions based on increased enrollment.
- (3) Several employees opted-out of the health insurance plan resulting in lower benefits expense than budgeted.
- (4) Actual purchased services expenses were higher than budgeted because management fee, bus transportation, and the meals program were budgeted at a lower amount due to lower anticipated enrollment.
These expenses were budgeted at a lower than actual enrollment figure.
- (5) Actual material and supplies expenses were higher than budgeted because janitorial and maintenance supplies were not included in the budget projections.

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 Dr. Jessica Rivera at (305)576-3333.

Rosa Parks Charter Schools, Inc., Overtown, was closed as of June 30, 2005. Rosa Parks Charter Schools, Inc., Florida City, continued to operated in fiscal year 2006.

ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
STATEMENT OF NET ASSETS
June 30, 2006 and 2005
(With Comparative Totals)

	<u>2006</u> <u>Total</u>	<u>2005</u> <u>Total</u>
ASSETS		
Cash at bank	\$ 4,306	\$ 95,648
Grant receivable	23,270	7,072
Due from related party	328,570	88,773
Furniture and equipment, net	7,490	10,681
Other assets	3,680	3,680
TOTAL ASSETS	<u>\$ 367,316</u>	<u>\$ 205,854</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable & accrued liabilities:	\$ 21,707	\$ 28,552
TOTAL LIABILITIES	<u>21,707</u>	<u>28,552</u>
NET ASSETS		
Invested in capital assets, net of related debt	7,490	10,681
Unrestricted net assets	338,119	166,621
TOTAL NET ASSETS	<u>345,609</u>	<u>177,302</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 367,316</u>	<u>\$ 205,854</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005
(With Comparative Totals)

FUNCTIONS COMPONENT UNIT ACTIVITIES	PROGRAM REVENUE				2006	2005
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL OUTLAY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
Instruction	\$545,120	\$0	\$0	\$0	(\$545,120)	(\$388,473)
General Administration	66,715	-	-	-	(66,715)	(33,866)
School Administration	217,372	-	-	-	(217,372)	(247,814)
Facilities Acquisition & Construction	160,200	-	-	84,300	(75,900)	(7,025)
Fiscal Services	11,993	-	-	-	(11,993)	(2,650)
Food Services	101,978	-	91,998	-	(9,980)	(9,195)
Pupil Transportation Services	99,996	-	-	-	(99,996)	(43,366)
Operation of Plant	20,793	-	-	-	(20,793)	(14,695)
Maintenance of Plant	58,920	-	-	-	(58,920)	(47,871)
Unallocated Depreciation	3,191	-	-	-	(3,191)	(3,191)
Total Component Unit Activities	\$1,286,278	\$0	\$91,998	\$84,300	(1,109,980)	(798,146)
GENERAL REVENUES:						
					1,274,396	928,272
					3,891	3,637
					<u>1,278,287</u>	<u>931,909</u>
					168,307	133,763
					<u>177,302</u>	<u>43,539</u>
					<u>\$345,609</u>	<u>\$177,302</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
BALANCE SHEET
June 30, 2006 and 2005
(With Comparative Totals)

	2006	2005
	Total	Total
ASSETS		
Cash at bank	\$ 4,306	\$ 95,648
Grant receivable	23,270	7,072
Due from related party	328,570	88,773
Other assets	3,680	3,680
TOTAL ASSETS	\$ 359,826	\$ 195,173
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable & accrued liabilities	\$ 21,707	\$ 28,552
TOTAL LIABILITIES	21,707	28,552
FUND BALANCE		
Reserved	(34,025)	41,875
Unreserved	372,144	124,746
TOTAL FUND BALANCE	338,119	166,621
TOTAL LIABILITIES AND FUND BALANCE	\$ 359,826	\$ 195,173

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ROSA PARKS CHARTER SCHOOLS, INC.
NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005
(With Comparative Totals)

	2006	2005
Total Fund Balance - Governmental Fund	\$338,119	\$166,621
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets, in fiscal years 2006 and 2005, of \$19,921, net of accumulated depreciation of \$12,431 and \$9,240, respectively, used in governmental activities are not financial resources and therefore are not reported in the fund.	7,490	10,681
Total Net Assets - Government Activities	\$345,609	\$177,302

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005
(With Comparative Totals)

	GENERAL	OTHER GOVERNMENTAL FUNDS	2006 TOTAL	2005 TOTAL
REVENUES:				
County Funding	\$1,274,396	\$0	\$1,274,396	\$928,272
Capital Outlay Funding	-	84,300	84,300	77,275
State of Florida Funding	91,998	-	91,998	61,366
Miscellaneous income	3,891	-	3,891	3,637
Total Revenues	<u>1,370,285</u>	<u>84,300</u>	<u>1,454,585</u>	<u>1,070,550</u>
EXPENDITURES:				
Instruction	\$545,120	-	545,120	395,271
General Administration	66,715	-	66,715	33,866
School Administration	217,372	-	217,372	247,814
Facilities Acquisition & Construction	-	160,200	160,200	84,300
Fiscal Services	11,993	-	11,993	2,650
Food Services	101,978	-	101,978	70,561
Pupil Transportation Services	99,996	-	99,996	43,366
Operation of Plant	20,793	-	20,793	14,695
Maintenance of Plant	58,920	-	58,920	47,871
Total Component Unit Activities	<u>1,122,887</u>	<u>160,200</u>	<u>1,283,087</u>	<u>940,394</u>
Excess (Deficiency) of Revenues Over Expenditures	247,398	(75,900)	171,498	130,156
Fund Balance at Beginning of Year	124,746	41,875	166,621	36,465
Fund Balance at End of Year	<u>\$372,144</u>	<u>(\$34,025)</u>	<u>\$338,119</u>	<u>\$166,621</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ROSA PARKS CHARTER SCHOOLS, INC.
NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005
(With Comparative Totals)

	2006	2005
Change in Fund Balance - Governmental Fund	\$171,498	\$166,621
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.		
Capital assets, net of depreciation	(3,191)	10,681
Change in Net Assets of Governmental Activities	\$168,307	\$177,302

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Organization

Rosa Parks Charter Schools, Inc. (the "School"), incorporated in the State of Florida, pursuant to Section 228.056 of the Florida Statutes, on July 17, 2003. The School was established as a charter school for children from kindergarten through eight grade. The School operates under a charter of the District School Board of Miami-Dade County, Florida, and is considered a non-major component unit of such board. The School is funded by Miami-Dade School system and, in addition, receives government grants. The school is operated at two locations in Miami-Dade County; Florida City and Overtown. The governing board of the Charter School is an eight member Board of Directors. Prior to July 2003, the School operated as a d/b/a of Work America, Inc., a nonprofit organization.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The contract was entered into on June 24, 1999, and was effective until June 30, 2002. The contract was renewed for five years by mutual agreement of the parties. At the end of the term of the contract, the Sponsor may choose not to renew the contract under grounds specified in the contract in which case the Sponsor is required to notify the Charter School, in writing at least 90 days prior to the Charter School's contract expiration. During the term of the contract, the Sponsor may also terminate the contract, any property and improvements, furnishings, and equipment purchased with public funds and any unencumbered public funds shall revert back to the Sponsor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

In fiscal year 2004, the School adopted GASB #34. Government-wide financial statements are prepared for the School and include the statement of net assets and statement of activities and changes in net assets. These statements report information for the School as a whole.

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 function activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The School's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report uses 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) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government 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 60 days of the end of the fiscal year. 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.

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. The School's cash consists of demand deposits with financial institutions which are insured by Federal depository insurance.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Other Assets

Other assets consist mainly of security deposits for utilities.

Capital Assets, Depreciation and Amortization

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost 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, Fixtures and Equipment	5 Years
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Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

Revenues for operations will be received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 228.056 (13), Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 236.081, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (DOE) 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 received an annual allocation of Public Education Capital Outlay funds for capital and other projects.

Finally, 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 expended.

New Reporting Standard

In June 1999, the Governmental Accounting Standards Boards (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it requires new information and restructure much of the information that governments have presented in the past. The School implemented this standard in the fiscal year ended June 30, 2004.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles of the United States of America requires management to make estimates and assumptions that affect the report 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 reported period. Actual results could differ from those estimates.

**ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

Rosa Parks Charter Schools, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

NOTE 2 – DUE FROM RELATED PARTY

Due from related party is comprised of amounts due from Work America, Inc. as follows:

	<u>2006</u>	<u>2005</u>
Florida City	\$ <u>328,570</u>	\$ <u>88,773</u>
	<u>\$328,570</u>	<u>\$ 88,773</u>

NOTE 3 – CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, for the years ended June 30, 2006 and 2005, for Rosa Parks Charter Schools, Inc. Florida City:

Florida City -

	Balance 07/01/2005	Additions	Retirements	Balance 06/30/2006
Capital Assets				
Furniture, Fixtures, & Equipment	\$19,921	\$ -0-	\$ -0-	\$19,921
Less Accumulated Depreciation	<u>9,240</u>	<u>3,191</u>	<u>-0-</u>	<u>12,431</u>
Capital Assets, Net	<u>\$ 10,681</u>	<u>\$ 3,191</u>	<u>\$ -0-</u>	<u>\$ 7,490</u>

	Balance 07/01/2004	Additions	Retirements	Balance 06/30/2005
Capital Assets				
Furniture, Fixtures, & Equipment	\$13,123	\$ 6,798	-0-	\$ 19,921
Less Accumulated Depreciation	<u>6,049</u>	<u>3,191</u>	<u>-0-</u>	<u>9,240</u>
Capital Assets, Net	<u>\$ 7,074</u>	<u>\$ 3,607</u>	<u>\$ -0-</u>	<u>\$ 10,681</u>

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 3 – CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense for Rosa Parks Charter Schools, Inc., Florida City, for the years ended June 30, 2006 and 2005 was \$3,191.

NOTE 4 – RELATED PARTIES TRANSACTIONS

School Board of Miami- Dade County (the Sponsor)

Pursuant to the School's contract with the Sponsor, the Sponsor is paid a management fee of 5% of the qualifying revenues of the School. During the years ended June 30, 2006 and 2005, Rosa Parkes Charter Schools, Inc. Florida City paid approximately \$57,000 and \$53,000, respectively, to the Sponsor for management fees.

School Board of Miami- Dade County (the Sponsor)

Pursuant to the School's contract with the Sponsor, the School receives from the Sponsor an FTE fee for each full time student enrolled. The fee is based upon various teaching requirements of each student enrolled. The number of FTE (full time equivalent students) enrolled for the fiscal years ended June 30, 2006 and 2005 for Rosa Parks Charter Schools, Inc., Florida City was 196 and 130, respectively.

The School also receives other allowances based upon the students enrolled, including a transportation allowance for students living more than two miles and less than four miles from the school property.

Work America Inc. (the Operator)

The Operator rented facilities to the School in fiscal years 2006 and 2005.

In addition, the Operator provided support services in personnel, facilities and supplies and charges a management fee of 10% of total revenue of the School. Expenses of the School are paid on behalf of the School by Work America, Inc.

**ROSA PARKS CHARTER SCHOOLS, INC.
 FLORIDA CITY
 A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
 MIAMI-DADE COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

NOTE 5 - OPERATING LEASE OBLIGATIONS

The School leases modular units, commencing June 26, 2000 and terminating June 26, 2005. The annual lease amount for the units was \$48,900 for the Florida City location. The School leased the units, on a month-to-month basis, until August 2006 when a new lease was executed.

On August 25, 2003, the School entered into operating leases for space with Work America, Inc. The annual lease payments totaled \$160,200 for the Florida City locations. The lease for space had a term of 24 months. The School leased this facility for most of fiscal year 2006, on a month-to-month basis, until August 2006 when a new lease was executed.

Minimum payments under operating leases at June 30, 2006 and 2005 are as follows:

<u>Year ended</u>	<u>2006</u>	<u>2005</u>
2006	\$ -0-	\$ 14,050
2007	\$ -0-	\$ -0-

Rent expense charged to operations and paid out of the capital outlay funds, from the School Board, amounted to \$84,300 for the Florida City location for the years ended June 30, 2006 and 2005, respectively.

NOTE 6 – COMMITMENTS

The costs and unexpended funds reflected in the accompanying financial statements relating to government funding are subject to audit by the respective grantors. The possible disallowance by the funding source of any item charged to the program or request for return of any unexpended funds cannot be determined at this time. No provision for any liability is necessary at year-end, June 30, 2006 and 2005, and none has been made in the special purpose financial statements.

NOTE 7 – CONCENTRATION OF CREDIT RISK

Rosa Parks Charter Schools, Inc. maintains cash accounts, for the Florida City and Overtown locations, at a federally insured financial institution in Miami, Florida. The balances, at times, may exceed federally insured limits. At June 30, 2006 and 2005, the School had no cash on deposit exceeding the insured limit.

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 8 - COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of service. The School's policy is to recognize the cost of vacation days when earned by the employees. The current policy of the School is the vacation days not used during the calendar year are forfeited. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	GOVERNMENTAL FUND		
	Budget	Actual	Variance
REVENUES:			
County Funding	\$1,164,919	\$1,358,696	\$193,777
State of Florida Funding	0	91,998	\$91,998
Miscellaneous income	0	3,891	\$3,891
 Total Revenue	 1,164,919	 1,454,585	 289,666
EXPENDITURES:			
Salaries & taxes	590,316	539,193	(51,123)
Employee benefits	28,807	5,927	(22,880)
Purchased services	350,596	532,483	181,887
Lease of facilities	75,900	75,900	0
Other capital outlay	84,300	84,300	0
Materials and supplies	35,000	45,284	10,284
 Total Expenditures	 1,164,919	 1,283,087	 118,168
Excess (Deficiencies) of Expenditures and Financing Sources Over Revenues	0	171,498	171,498
 Fund Balance at Beginning of Year	 166,621	 166,621	 0
 NET CHANGE IN FUND BALANCE	 \$166,621	 \$338,119	 \$171,498

ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
FLORIDA CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 2005

	GOVERNMENTAL FUND		
	Budget	Actual	Variance
REVENUES:			
County Funding	\$796,160	\$1,005,547	\$209,387
State of Florida Funding	0	61,366	\$61,366
Miscellaneous income	0	3,637	\$3,637
 Total Revenue	 796,160	 1,070,550	 274,390
EXPENDITURES:			
Salaries & taxes	371,858	381,303	9,445
Employee benefits	25,271	7,170	(18,101)
Purchased services	220,231	348,602	128,371
Lease of facilities	75,900	75,900	0
Other capital outlay	84,300	84,300	0
Materials and supplies	18,600	43,119	24,519
 Total Expenditures	 796,160	 940,394	 144,234
Excess (Deficiencies) of Expenditures and Financing Sources Over Revenues	0	130,156	130,156
Fund Balance at Beginning of Year	36,465	36,465	0
 NET CHANGE IN FUND BALANCE	 \$36,465	 \$166,621	 \$130,156

L. BROWN AND COMPANY, P.A.

Certified Public Accountants and Consultants

P.O. Box 1064 ◆◆◆ Deerfield Beach, Florida 33443-1064
Telephone (954) 812-5515 Member American and Florida Institutes of Certified Public Accountants Fax (954) 429-9626

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Rosa Parks Charter Schools, Inc.
Miami, Florida

We have audited the financial statements of Rosa Parks Charter Schools, Inc., Florida City, (the "School") (a nonprofit organization) as of June 30, 2006 and for the year then ended and have issued our report thereon dated August 30, 2006. We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

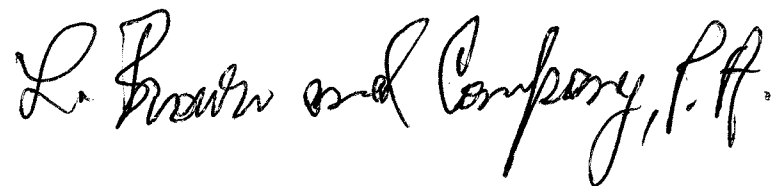
Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School'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 assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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.

This report is intended solely for the information and use of the School's board of directors, Miami-Dade County Commission, District School Board of Miami-Dade County, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "L. Brown and Company, P.A." in a cursive, flowing script.

L. Brown and Company, P.A.
August 30, 2006

L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

P.O. Box 1064 ◆◆◆ Deerfield Beach, Florida 33443-1064
Telephone (954) 812-5515 Member American and Florida Institutes of Certified Public Accountants Fax (954) 429-9626

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT**

To the Board of Directors of
Rosa Parks Charter Schools, Inc.
Florida City
Miami, Florida

We have audited the compliance of Rosa Parks Charter Schools, Inc., Florida City, (a Florida nonprofit organizations) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the years ended June 30, 2006 and 2005. Rosa Parks Charter Schools, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the organizations' management. Our responsibility is to express an opinion on Rosa Parks Charter Schools, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; 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" and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 or state project occurred. An audit includes examining, on a test basis, evidence about Rosa Parks Charter Schools, Inc.'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. Our audit does not provide a legal determination of Rosa Parks Charter Schools, Inc.'s compliance with those requirements.

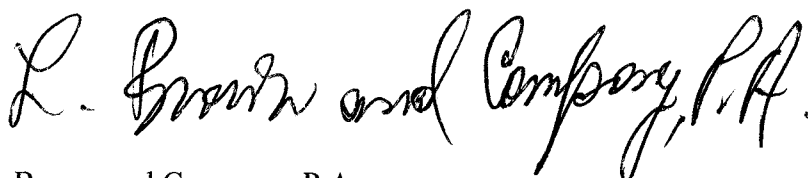
In our opinion, Rosa Parks Charter Schools, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the years ended June 30, 2006 and 2005.

Internal Control Over Compliance

The management of Rosa Parks Charter Schools, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Rosa Parks Charter Schools, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, the District School Board of Miami-Dade County, all applicable state agencies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "L. Brown and Company, P.A." The signature is written in black ink and is positioned above the typed name of the firm.

L. Brown and Company, P.A.
August 30, 2006

**ROSA PARKS CHARTER SCHOOLS, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
MIAMI-DADE COUNTY
FLORIDA CITY
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2006**

L. BROWN AND COMPANY, P.A.

Certified Public Accountants and Consultants

P.O. Box 1064 ◆◆◆ Deerfield Beach, Florida 33443-1064
Telephone (954) 812-5515 Member American and Florida Institutes of Certified Public Accountants Fax (954) 970-4393

To the Board of Directors of
Rosa Parks Charter Schools, Inc.
Florida City
Miami, Florida

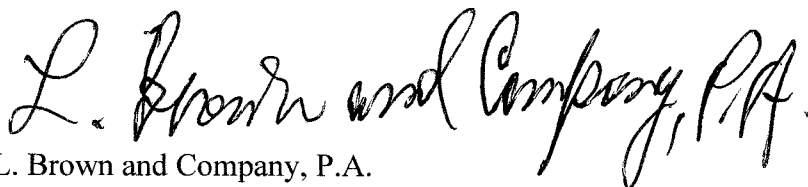
We have audited the special purpose financial statements of Rosa Parks Charter Schools, Inc., Florida City (the "School"), as of June 30, 2006 and for the year then ended and have issued our report thereon dated August 30, 2006.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; 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 Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 30, 2005, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General.

The Rules of Auditor General (Section 10.654 (1)(d) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the special purpose financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

This management letter is intended solely for the information of Rosa Parks Charter Schools, Inc., Florida City, the District School Board of Miami-Dade County, management, and the State of Florida Office of the Auditor General and is not intended to be or should not be used by anyone other than these specified parties.

Sincerely,



L. Brown and Company, P.A.
August 30, 2006

ROSA PARKS CHARTER SCHOOLS, INC.
FLORIDA CITY
MANAGEMENT LETTER
For the Year Ended June 30, 2006

A. Current Year's Findings

No new findings in the current fiscal year.

B. Update of Prior Year's Findings

1. Missing Documentation from Payment Packages.

During our audit, it was noted that one of the twenty five payments and one of the twenty five deposits processed to the general ledger, during the fiscal year, did not have supporting documentation, such as an invoice or receipt, on file. In addition, invoice packages were not cancelled or perforated subsequent to payment.

This situation can make it possible for unauthorized or duplicate payments to occur. Unsupported deposits may be recorded to the general ledger.

Recommendation: Prior to all payments to vendors, invoice packages should include supporting documentation and deposits should be supported by receipts or correspondence. Invoice packages should also be cancelled or perforated subsequent to payment.

Management Response: The payment identified during the audit was made prior to the receipt of an invoice and on the approval of the President. The receipt related to an Internal Revenue Service refund check which did not have a supporting document. In the future, all payments and deposits will be documented with invoices, receipts, or a memorandum approved by senior management.

This finding does not apply to the current fiscal year.

**AUDIT COMPLETION CHECKLIST
FOR CHARTER SCHOOLS AND OTHER ORGANIZATIONS
MIAMI-DADE COUNTY PUBLIC SCHOOLS**

The following information should be included in the yearly audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (Chapter 10.850). **Please share this checklist with your external auditor.**

- 1. The name and address of the school.
- 2. The name of the principal running the school.
- 3. Current list of the Board of Directors of the school.
- 4. If the school is operated by a management company:
 - a. Name of the company
 - b. Address
 - c. List of principal officials
 - d. Contractual arrangement with the company, such as length of contract, terms, total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements).
- 5. The financial statements must include comparative totals for the prior year.
- 6. The financial statements must comply with GASB 34 requirements, if applicable.
- 7. In the footnotes of the financial statements, the following should be disclosed:
 - a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
 - b. Full disclosure of related party transactions, which should include the related party's name and address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid). If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
 - c. Full disclosure of any other debts in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s).
 - d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however, we recommend that it be part of the audit).
 - e. If there is a deficit cash position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the Management Letter.
 - N/A f. Any disclosures of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g., significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- 8. If the audit is not submitted within the contractually required deadline, the Management Letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.
- 9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (date) it will be fully implemented. Note that quarterly reports may be required on a case-by-case basis depending on the severity or lack of resolution of the issues noted in the Management Letter.
- 10. Please enter the following information about the Certified Public Accountant issuing the audit report:
 - CPA's Name: L. Brown and Company, P.A.
 - CPA's Address: 2700 W. Atlantic Blvd., Suite 215, Pompano Beach, Fl. 33069
 - License No.: AC 1137418/AD0018366 Status: Active
 - Expiration Date: December 31, 2007

In reference to this checklist, please refer any questions to the Office of Management and Compliance Audits, attention Mr. Norberto Ferradaz, CPA (305) 995-1318.

Please forward a copy of the completed checklist with your audit.



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Rudolph F. Crew, Ed.D.

Chief Auditor
Allen M. Vann, CPA

Assistant Chief Auditor
Jose F. Montes de Oca, CPA

Miami-Dade County School Board
Agustin J. Barrera, Chair
Dr. Martin Karp, Vice Chair
Renier Diaz de la Portilla
Evelyn Langlieb Greer
Perla Tabares Hantman
Dr. Robert B. Ingram
Ana Rivas Logan
Dr. Marta Pérez
Dr. Solomon C. Stinson

December 22, 2006

Mr. Jack Leonard, Chairman and Members of the Board
Rosa Parks Charter Schools, Inc., Florida City
713 West Palm Drive
Florida City, FL 33034

VIA FACSIMILE & U.S. MAIL
(305) 246-3340

RE: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 AND MANAGEMENT REPRESENTATIONS CONCERNING THE SCHOOL'S FINANCES

Thank you for providing us copies of the audited financial statements for Rosa Parks Charter School/Florida City. A review of your financial statements raises concerns that require further explanation and support.

The Statement of Net Assets shows a \$328,570 receivable from a related party identified as Work America, Inc. in Note 2 – Due From Related Party. Also, Note 4 – Related Parties Transactions discloses that Work America rents facilities and provides management services to the school and charges a fee of 10% of the school revenues.

- Please provide us documentation itemizing the amounts paid to the management company for rent and for administration.
- Further, please provide information on approximately how much space the school leases from Work America.
- Please provide us copies of the Board of Directors meeting minutes where the large receivable (Due From) Work America, Inc. was discussed and approved.

Please respond in writing to this request by Friday, January 19, 2007. We plan to present the audited financial statements of your school and the additional documentation requested, to the School Board Audit Committee at its next regularly scheduled meeting: Tuesday, January 30, 2007, in room 916 of the School Board Administration Building, 1450 N.E. 2nd Avenue at 12:30 p.m. Please plan on attending

Rosa Parks Charter Schools, Inc., Florida City

Page 2 of 2

December 22, 2006

or sending a representative from your school to respond to questions that the Audit Committee may have.

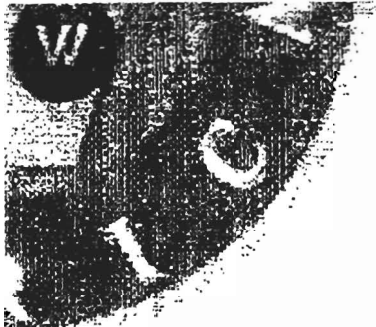
Should you have any questions, please call Mr. Jon Goodman at 305-995-1323 or Mr. Norberto Ferradaz at 305-995-1322. Thank you in advance for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Trevor L. Williams". The signature is written in a cursive style with a large, sweeping initial "T".

Trevor L. Williams, CPA
District Audit Director

cc: Dr. Rudolph F. Crew
Ms. Carolyn Spaht
Ms. JulieAnn Rico
Ms. Antoinette Dunbar
Ms. Ofelia San Pedro
Ms. Connie Pou
Mr. Michael Bell
Ms. Ellen O. Wright
Ms. Margarita Betancourt



January 26th, 2007

Mr. Trevor L. Williams, CPA
District Audit Director
Office of Management and Compliance Audits
Miami- Dade County Public Schools
1450 NE 2nd Ave. Room 415
Miami, FL 33132

Re: Rosa Parks Charter School

Dear Mr. Williams,

Please find attached the information requested regarding the audited financial statements for the fiscal year ended June 30, 2006.

We sincerely apologize for the delay in response and any inconvenience that this may have caused.

Sincerely,

Dr. Jessica Rivera
Director of Financial Administration

cc: Mr. Herbert J. Coleman, President & CEO
Mr. Jack Leonard, Board Chair

**Response to Miami-Dade County Public Schools
Fiscal Year Ended June 30, 2006**

1. (a) Amounts charged to Rosa Parks Charter Schools, Inc. by Work America, Inc. for rent, in fiscal year ended June 30, 2006, are as follows:

Term of contract 8/25/2005 to 8/25/2007 at the following monthly charges –

Building 1	\$7,025 per month	Total \$84,300
Flamingo Building	\$6,325 per month	Total <u>\$75,900</u>
 Total		 <u>\$160,200</u>

Subsequent to this rent term, the lease was month to month.

- (b) Administrative fee is contracted at 10% of the total revenue of the school.

Total revenue for fiscal year	\$1,454,585
Management fee	\$ 145,458

- (c) Amount of space leased by Rosa Parks Charter School from Work America:
713 West Palm Drive (Elementary)- 6,000 sq ft.
303 West Palm Drive (Middle)- 5,060 sq ft.

ROSA PARKS CHARTER SCHOOL

MINUTES OF THE MEETING
CALL MEETING OCT 3 2006

The meeting was called to order at 1:00pm by the Chairman Jack Leonard. Board members present at the meeting were:

Present: Mr. Jack Leonard, Chairman
Ms. Magdalene Altidor, Vice-Chairman
Dr. Jessica Rivera, Treasurer
Mr. Herbert J. Coleman, President
Sylvester Jackson, Secretary-Treasurer

Absent: Ms. Patricia Mellerson, Secretary
Atty. Benton L. Becker, Counsel and Member
Ms. Lynn Carrillo, Member

The meeting was called to order by the Chairman. He informed the board that this meeting was called to deal with only one agenda item: The Financial Audit for Rosa Parks Charter School.

Mr. Jackson moved that the agenda be accepted. The motion was seconded by Ms. Altidor. The Chairman asked Dr. Jessica Rivera to present the results of the audit to board members who had been presented copies of the audit document.

Dr. Rivera informed the board that the audit conducted by Larry Brown, CPA and associates was very good. She called member's attention to page 32, Item A., which stated that there were no new findings in the current fiscal year. She asked if members had any specific questions.

Mr. Jackson asked Dr. Rivera to comment on a couple of areas on pages 7 and 11. On page seven he asked for an explanation regarding the \$328,570 in year 2006 *Due from related party* – and *item three under ASSETS* on page 11 in the same amount.

Dr. Rivera stated that the receivable of \$328,570 represents monies received from DCPS and deposited into a bank account maintained by Work America for Rosa Parks Charter School. From this account expenses for Rosa Parks are paid by Work America, which is the Management Company for Rosa Parks.

Mr. Leonard ask Dr. Rivera to explain why this is so. She responded that the account maintained on the books of Work America was established when Rosa Parks was being operated as a d/b/a of Work America. At that time, the bank account was maintained on

the books of Work America because the school contract was between DCPS and Work America which was the operator of the school.

She stated that later DCPS required Work America to incorporate Rosa Parks Charter School instead of continuing as a d/b/a. Subsequent to fiscal year 2004, deposits from DCPS are deposited in a Rosa Parks bank account, since the school was registered as a separate company from Work America, and the contract was now between DCPS and Rosa Parks.

Dr. Rivera asked if there were more questions.

Ms. Altidor asked if it would not be cheaper for the school to purchase its own busses instead on continuing to contract this service out.

Dr. Rivera responded that research has shown that it is actually cheaper to contract this service when you consider the cost of the bus, maintenance, drivers, gasoline and especially insurance costs.

Dr. Rivera asked if there were more questions. There were none. Mr. Jackson moved that the board commend Dr. Rivera for doing such a fine job taking care of the school's resources. The motion was seconded by Ms. Altidor and passed unanimously.

The meeting adjourned.

SUNSHINE ACADEMY CHARTER SCHOOL
(A Charter School Under Sunshine Academy, Inc.)
NORTH MIAMI, FLORIDA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2006

2006 SEP 14 11:59 AM
2006 SEP 14 11:59 AM
2006 SEP 14 11:59 AM

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SUNSHINE ACADEMY CHARTER SCHOOL
(A Charter School Under Sunshine Academy, Inc)
14550 NE 6th Avenue
North Miami, Florida 33161
(305) 947-3650

2005-2006

BOARD OF DIRECTORS

Ana Fernandez – Chair
Sheldon Williams
Sergy Tabetau

SCHOOL ADMINISTRATION

Ana Maria Manzano, President



PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.

INDEPENDENT AUDITORS' REPORT

JORGE M. MORALES, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
TAB VERDEJA, C.P.A.

Board of Directors
Sunshine Academy Charter School
(A Charter School Under Sunshine Academy, Inc.)
North Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Sunshine Academy Charter School, (A Charter School Under Sunshine Academy, Inc.), (the "School") a component unit of the District School Board of Miami-Dade County, as of, and from July 1, 2005 (inception of operations) through June 30, 2006, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Sunshine Academy Charter School, as of June 30, 2006 and the respective changes in financial position for the period 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 September 8, 2006, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 7 and the Schedules of Revenues, Expenditures and Changes in Fund Balance—budget to actual on page 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 8, 2006

Management's Discussion and Analysis
Sunshine Academy Charter School
(A Charter School Under Sunshine Academy, Inc.)
June 30, 2006

The corporate officers of the Sunshine Academy Charter School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the period ended June 30, 2006.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2006 by \$117,632 (net assets).
2. At year-end, the School had current assets on hand of \$80,700.
3. The net assets of the School increased by \$117,632 during the year. This was the first school year of operations.

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, 2006 are presented under GASB 34. 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 Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets are reported when the underlying event 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 8 - 9 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government 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.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School’s budget.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

Notes to 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 the financial statements can be found on pages 14 - 18 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets exceeded liabilities by \$117,632 at the close of the period. As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. A summary of the School’s net assets as of June 30, 2006 as follows:

	<u>2006</u>
Cash	\$ 69,603
Due from Affiliated Schools and Others	11,097
Deposits	20,000
Capital Assets	<u>16,932</u>
Total Assets	<u>\$ 117,632</u>
Invested in Capital Assets, net of related debt	\$ 16,932
Unrestricted	<u>100,700</u>
Total Net Assets	<u>\$ 117,632</u>

At the end of the fiscal year, the School is able to report positive balances in total net assets.

A summary and analysis of the School's revenues and expenses for the period ended June 30, 2006 as follows:

	<u>2006</u>
REVENUES	
Program Revenues	
Operating Grants and Contributions	\$ 562,139
General Revenues	
Government Grants Not Restricted to Specific Programs	287,659
Other Revenues	<u>798</u>
Total Revenues	<u>\$ 850,596</u>
EXPENSES	
Component Unit Activities:	
Instruction	\$ 332,510
Instruction and Curriculum	
Development Services	322
Instructional Staff Training Services	6,600
Board	475
School Administration	164,484
Facilities Acquisition and Construction	65
Fiscal Services	2,256
Food Services	38,991
Central Services	1,312
Pupil Transportation Services	40,834
Operation of Plant	133,566
Maintenance of Plant	6,510
Community Services	<u>5,039</u>
Total Expenses	<u>\$ 732,964</u>
Increase in Net Assets	117,632
Net Assets at Beginning of Year	-
Net Assets at End of Year	<u>\$ 117,632</u>

Sunshine Academy Charter School's revenue and expenses were \$850,596 and \$732,964 for the first year of operations. The largest expense categories for the year were for Instruction, School Administration and Operation of Plant.

Lease of Facility

The School leases a facility located at 14550 NE 6th Avenue, North Miami, FL 33161

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, *unreserved 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 fund reported a fund balance of \$100,700

Capital Assets

The School's investment in capital assets as of June 30, 2006 amounts to \$16,932 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment.

General Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal Direct			
Federal Grants	\$ 300,000	\$ 300,000	\$ 287,659
General Revenues			
State Government Grants Not Restricted to Specific Programs	550,000	560,000	562,539
Other	1,000	500	398
TOTAL REVENUES	\$ 851,000	\$ 860,500	\$ 850,596
EXPENSES			
Component Unit Activities:			
Instruction	322,810	325,315	334,471
Pupil Personnel Services	1,200	1,100	-
Instructional Media Services	675	650	-
Instruction and Curriculum			
Development Services	265	300	322
Instructional Staff Training Services	6,000	6,000	6,600
Board	4,323	4,119	3,329
General Administration	5,000	8,000	-
School Administration	153,917	160,000	168,056
Facilities Acquisition and Construction	929	1,112	1,000
Fiscal Services	2,200	2,500	2,256
Food Services	35,000	40,300	38,991
Central Services	1,216	1,310	1,312
Pupil Transportation Services	43,418	41,500	40,834
Operation of Plant	150,000	150,000	141,176
Maintenance of Plant	6,320	6,590	6,510
Community Services	5,000	5,000	5,039
TOTAL EXPENDITURES	\$ 738,273	\$ 753,796	\$ 749,896

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Maria Manzano at 14550 N.E. 6th Avenue, North Miami, FL 33161.

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>2006</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 69,603
Due from affiliated schools and others	<u>11,097</u>
	80,700
CAPITAL ASSETS	
Furniture, equipment and textbooks	18,652
Less accumulated depreciation	<u>(1,720)</u>
	16,932
DEPOSITS	<u>20,000</u>
TOTAL ASSETS	<u><u>\$ 117,632</u></u>
LIABILITIES AND NET ASSETS	
NET ASSETS	
Invested in capital assets, net of related debt	16,932
Unreserved	<u>100,700</u>
TOTAL NET ASSETS	<u>117,632</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 117,632</u></u>

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

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FROM JULY 1, 2005 (INCEPTION OF OPERATIONS) THROUGH JUNE 30, 2006

2006

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Component Unit Activities:					
Instruction	\$ (332,510)	\$ -	\$ 400	\$ -	\$ (332,110)
Pupil Personnel Services	-	-	-	-	-
Instructional Media Services	-	-	-	-	-
Instruction and Curriculum Development Services	(322)	-	-	-	(322)
Instructional Staff Training Services	(6,600)	-	-	-	(6,600)
Board	(475)	-	-	-	(475)
General Administration	-	-	-	-	-
School Administration	(164,484)	-	-	-	(164,484)
Facilities Acquisition and Construction	(65)	-	-	-	(65)
Fiscal Services	(2,256)	-	-	-	(2,256)
Food Services	(38,991)	-	-	-	(38,991)
Central Services	(1,312)	-	-	-	(1,312)
Pupil Transportation Services	(40,834)	-	-	-	(40,834)
Operation of Plant	(133,566)	-	-	-	(133,566)
Maintenance of Plant	(6,510)	-	-	-	(6,510)
Community Services	(5,039)	-	-	-	(5,039)
Interest on Long-term Debt	-	-	-	-	-
Unallocated Depreciation Expense	-	-	-	-	-
Total Component Unit Activities	(732,964)	-	400	-	(732,564)

GENERAL REVENUES:

Government grants not restricted to specific programs	849,798
Other revenue	398
Change in Net Assets	117,632
NET ASSETS - BEGINNING	-
NET ASSETS - ENDING	<u>\$ 117,632</u>

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

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
BALANCE SHEET
JUNE 30, 2006

	2006			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 69,603	\$ -	\$ -	\$ 69,603
Due from affiliated schools and others	11,097	-	-	11,097
Deposits	20,000	-	-	20,000
Due to / from funds	-	-	-	-
TOTAL ASSETS	<u>\$ 100,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,700</u>
 FUND BALANCE				
Unreserved	\$ 100,700	\$ -	\$ -	\$ 100,700
TOTAL FUND BALANCE	<u>100,700</u>	<u>-</u>	<u>-</u>	<u>100,700</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 100,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,700</u>

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

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
FROM JULY 1, 2005 (INCEPTION OF OPERATIONS) THROUGH JUNE 30, 2006

Total Fund Balance - Governmental Funds \$ 100,700

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

Capital assets of \$18,652, net of accumulated depreciation of \$1,720 used in governmental activities are not financial resources and therefore are not reported in the fund.

16,932

Total Net Assets - Governmental Activities

\$ 117,632

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

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FROM JULY 1, 2006 (INCEPTION OF OPERATIONS) THROUGH JUNE 30, 2006

	2006			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Federal grants	\$ 287,659	\$ -	\$ -	\$ 287,659
Local Sources	562,139	-	-	562,139
Charges for services	-	-	-	-
Other revenues	798	-	-	798
Total Revenues	<u>\$ 850,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,596</u>
EXPENDITURES				
Current:				
Instruction	\$ 334,471	\$ -	\$ -	\$ 334,471
Pupil Personnel Services	-	-	-	-
Instructional Media Services	-	-	-	-
Instruction and Curriculum Development Services	322	-	-	322
Instructional Staff Training Services	6,600	-	-	6,600
Board	3,329	-	-	3,329
General Administration	-	-	-	-
School Administration	168,056	-	-	168,056
Facilities Acquisition and Construction	1,000	-	-	1,000
Fiscal Services	2,256	-	-	2,256
Food Services	38,991	-	-	38,991
Central Services	1,312	-	-	1,312
Pupil Transportation Services	40,834	-	-	40,834
Operation of Plant	122,524	-	-	122,524
Maintenance of Plant	6,510	-	-	6,510
Community services	5,039	-	-	5,039
Capital Outlay:				
Other Capital Outlay	18,652	-	-	18,652
Debt Service:				
Redemption of Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>749,896</u>	<u>-</u>	<u>-</u>	<u>749,896</u>
Excess (Deficiency) of Revenues Over Expenditures	100,700	-	-	100,700
OTHER FINANCING SOURCES	-	-	-	-
Net change in fund balance	100,700	-	-	100,700
Fund Balance at beginning of year	-	-	-	-
Fund Balance at end of year	<u>\$ 100,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,700</u>

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

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FROM JULY 1, 2005 (INCEPTION OF OPERATIONS) THROUGH JUNE 30, 2006

Change in Fund Balance - Governmental Funds \$ 100,700

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 capital outlays of \$18,652 exceed depreciation expense of \$1,720 in the current period.

16,932

Change in Net Assets of Governmental Activities \$ 117,632

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

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 – ORGANIZATION AND OPERATIONS

Sunshine Academy Charter School (A Charter School Under Sunshine Academy, Inc.) (the "School"), is a not-for-profit charter school located in North Miami, Florida for children from kindergarten through the fifth grade. The School operates under a charter granted by the sponsoring district, the Miami-Dade County Public School District (the "District"). The current charter is effective until 2015. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of such District. Sunshine Academy Charter School is funded by the Miami-Dade County Public School District and in addition, receives government grants.

These financial statements are for first school period from July 1, 2005 (inception of operations) through June 30, 2006, when 120 students were enrolled for the school year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities and changes in net assets. These statements report information for the School as a whole.

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 funds and capital project 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 of the school, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.

Capital Projects Fund – accounts for funds received from the Public Education Outlay program, which are used for the rent of facilities and other allowable capital expenditures.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of 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) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. 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 60 days of the end of the fiscal year. 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

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Other Assets

Other assets consist mainly of prepaid expenses or deposits, which are paid upon the receipt of the goods or services that were received but not consumed at year end. The expenditure will be recorded when the asset is used.

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. Long term liabilities are due in more than one year.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost 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:

Building and Fixed Equipment
Furniture, Equipment and Textbooks
Computer Software
Audiovisual Materials

Revenue Sources

Revenues for operations will be received primarily from the Miami-Dade County District 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 District. Under the provisions of Section 1011.62, Florida Statutes, the District 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.

Finally, 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 expended.

Compensated Absences

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, requires governmental agencies to record as a liability the vested and future rights to sick and/or vacation leave. There were no significant amounts due for compensated absences as of June 30, 2006.

Transactions with Affiliates

The School has been granted a Charter by the sponsoring district and operates and reports under that charter. However, the School may transact with other charter schools or other affiliated entities. These financial statements report the financial condition and operations of the charter school only and not of the other entities. See notes in these financial statements as to transactions with other schools and related parties.

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with 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.

NOTE 3 – INCOME TAXES

The School qualifies as a tax-exempt organization under 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.

NOTE 4 – CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2006:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/06</u>
Capital Assets				
Furniture, Equipment and Textbooks	\$ -	\$ 18,652	\$ -	\$ 18,652
Total Capital Assets	<u>-</u>	<u>18,652</u>	<u>-</u>	<u>18,652</u>
Less Accumulated Depreciation				
Furniture, Equipment and Textbooks	<u>-</u>	<u>(1,720)</u>	<u>-</u>	<u>(1,720)</u>
Total Accumulated Depreciation	<u>-</u>	<u>(1,720)</u>	<u>-</u>	<u>(1,720)</u>
Capital Assets, net	<u>\$ -</u>	<u>\$ 16,932</u>	<u>\$ -</u>	<u>\$ 16,932</u>

Depreciation expense for the year ended June 30, 2006 was \$1,720 and is allocated to various functions in the Statement of Activities.

NOTE 5 – COMMITMENTS UNDER OPERATING LEASES AND CONTRACTS

The School entered into 36 month lease agreement on July 1, 2005 for its campus. Annual total payments are \$120,000 for the first year, and increasing to \$134,000 and \$146,000 for the second and third year respectively. These amounts include an increase of \$2,000 in the security deposit per year.

Total rental payments for the year ended June 30, 2006 were approximately \$115,000

Future minimum payments under the operating leases are as follows:

<u>Fiscal Years</u>	
2007	\$ 134,000
2008	\$ 146,000

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 6 – 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, 2006, the carrying amount of the School's deposits was \$69,603 and the respective bank balances totaled \$76,834. All amounts were covered by the Federal Depository Insurance Corporation (FDIC).

NOTE 7 – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

During the year, the School advanced \$10,000 to an affiliated School in Broward County. This amount has been recorded as a receivable at June 30, 2006. In addition, certain related parties made loans totalling approximately \$60,000 to the school. These loans were paid within the school year. Finally, the husband of the school principal has signature in the school's bank account.

NOTE 8 – GRANTS

In the normal course of operations, the School may receive 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.

REQUIRED SUPPLEMENTARY INFORMATION

SUNSHINE ACADEMY CHARTER SCHOOL (A Charter School Under Sunshine Academy, Inc.)
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FROM JULY 1, 2005 (INCEPTION OF OPERATIONS) THROUGH JUNE 30, 2006

	Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal Direct			
Federal Grants	\$300,000	\$300,000	\$287,659
General Revenues			
State Government Grants Not Restricted to Specific Programs	550,000	560,000	562,539
Other	1,000	500	398
TOTAL REVENUES	<u>\$851,000</u>	<u>\$860,500</u>	<u>\$850,596</u>
EXPENDITURES			
Component Unit Activities:			
Instruction	\$322,810	\$325,315	\$334,471
Pupil Personnel Services	1,200	1,100	-
Instructional Media Services	675	650	-
Instruction and Curriculum Development Services	265	300	322
Instruction Staff Training Services	6,000	6,000	6,600
Board	4,323	4,119	3,329
General Administration	5,000	8,000	-
School Administration	153,917	160,000	168,056
Facilitation Acquisition and Construction	929	1,112	1,000
Fiscal Services	2,200	2,500	2,256
Food Services	35,000	40,300	38,991
Central Services	1,216	1,310	1,312
Pupil Transportation Services	43,418	41,500	40,834
Operation of Plant	150,000	150,000	141,176
Maintenance of Plant	6,320	6,590	6,510
Community Services	5,000	5,000	5,039
TOTAL EXPENDITURES	<u>\$738,273</u>	<u>\$753,796</u>	<u>\$749,896</u>

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

PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.

JORGE M. MORALES, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
TAB VERDEJA, C.P.A.

Board of Directors of
Sunshine Academy Charter School
(A Charter School Under Sunshine Academy, Inc.)
North Miami, Florida

We have audited the financial statements of Sunshine Academy Charter School (A Charter School Under Sunshine Academy, Inc.) as of, and from July 1, 2005 (inception of operations) through June 30, 2006 and have issued our report thereon dated September 8, 2006. We conducted our audits 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 Sunshine Academy Charter School'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 over financial reporting 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. However, we noted certain matters that we reported to management of Sunshine Academy Charter School in a separate management letter which is included in this reporting package.


Compliance and Other Matters

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

CERTIFIED PUBLIC ACCOUNTANTS

A LIMITED LIABILITY PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which may be a matter of public record.

A handwritten signature in black ink, appearing to read "Vreda & De Amador". The signature is fluid and cursive, with a long horizontal stroke at the end.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 8, 2006

MANAGEMENT LETTER

Board of Directors of
Sunshine Academy Charter School
North Miami, Florida

This letter is written in connection with our audit of the basic financial statements of Sunshine Academy Charter School (the "School") as of and for the year ended June 30, 2006. The purpose for this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Charter School Audits which requires that this report specifically address but not limit to the matters outlined in Rule 10.854(i)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations and/or violations of laws, rules, regulations or contractual provisions reported for the preceding audit.
2. There were no prior year findings as this was the first year of operations.
3. The following are recommendations to improve the School's financial management, accounting procedures and internal controls:

ACCOUNTING RECORDS

Observation

Accounting records were not prepared timely throughout the year.

Recommendation

Account records must be updated monthly. This will assist management in better monitoring the progress of the school, and take corrective action, if needed on a timely basis.

Response

In an effort to minimize costs during our first school year of operations, management decided to take on the responsibility of maintaining the accounting records instead of contracting a private accountant or bookkeeper. Due to the operational demands of a first year school, the accounting work fell behind and was not completed timely on some occasions. For the new school year, we have contracted with an accountant to perform this function on a monthly basis so that the accounting records are properly and timely maintained throughout the new year.

SEGREGATION OF DUTIES

Observation

Due to the limited number of personnel, certain duties are performed by one individual, such as signing checks, approving and recording transactions in the general ledger.

Recommendation

To the extent possible, the custody, authorization and record keeping of the cash disbursement function should be segregated.

Response

Given the school's limited resources, we will try to implement mitigating internal controls to make up for the lack of segregation of duties in some areas. These measures will include having an external accountant reconcile the bank account, enter transactions and maintain the general ledger, as well as prepare financial reports. Additional office staff may be hired, as the budget permits, to allow better segregate basic accounting related functions (i.e. purchasing, payables, etc.)

PERSONNEL FILES

Observation

The personnel files of the school were not up to date and were missing required information, such as:

- a) background screening
- b) evidence of communicable diseases check
- c) certificates such as CPR, First Aid and others
- d) employment agreements signed by both, the employer and employee

Recommendation

The school should update the personnel files and include all required information.

Response

Management will review all personnel files, develop checklists for required documentation, update all required information and perform period reviews of employee's personnel records to ensure information is complete and current for all employees.

4. There were no violations of laws, rules, regulations or contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered during our audit, relating to improper or inadequate accounting procedures, improperly recorded transactions, fraud or other reportable conditions.

Vcedy - & De Armas

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 8, 2006

SUNSHINE ACADEMY CHARTER SCHOOL

AUDIT COMPLETION CHECKLIST FOR CHARTER SCHOOLS AND OTHER ORGANIZATIONS MIAMI-DADE COUNTY PUBLIC SCHOOLS

The following information should be included in the yearly audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (Chapter 10.850). **Please share this checklist with your external auditor.**

1. The name and address of the school.
2. The name of the principal running the school.
3. Current list of the Board of Directors of the school.
- N/A 4. If the school is operated by a management company:
- a. Name of the company
- b. Address
- c. List of principal officials
- d. Contractual arrangement with the company, such as length of contract, terms, total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements).
- N/A 5. The financial statements must include comparative totals for the prior year.
6. The financial statements must comply with GASB 34 requirements, if applicable.
7. In the footnotes of the financial statements, the following should be disclosed:
- a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
- b. Full disclosure of related party transactions, which should include the related party's name and address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid). If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
- N/A c. Full disclosure of any other debts in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s).
- d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however, we recommend that it be part of the audit).
- N/A e. If there is a deficit cash position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the Management Letter.
- N/A f. Any disclosures of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g., significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- N/A 8. If the audit is not submitted within the contractually required deadline, the Management Letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.
9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (date) it will be fully implemented. Note that quarterly reports may be required on a case-by-case basis depending on the severity or lack of resolution of the issues noted in the Management Letter.
10. Please enter the following information about the Certified Public Accountant issuing the audit report:
- CPA's Name: **Verdeja & De Armas, LLP**
CPA's Address: **255 Alhambra Circle, Suite 424, Coral Gables, FL 33134**
License No.: **AD 64730** Status: **Active**
Expiration Date: **December 31, 2007**

In reference to this checklist, please refer any questions to the Office of Management and Compliance Audits, attention Mr. Norberto Ferradaz, CPA (305) 995-1318.

Please forward a copy of the completed checklist with your audit.



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Rudolph F. Crew, Ed.D.

Chief Auditor
Allen M. Vann, CPA

Assistant Chief Auditor
Jose F. Montes de Oca, CPA

Miami-Dade County School Board

Agustin J. Barrera, Chair
Dr. Martin Karp, Vice Chair
Renier Diaz de la Portilla
Evelyn Langlieb Greer
Perla Tabares Hantman
Dr. Robert B. Ingram
Ana Rivas Logan
Dr. Marta Pérez
Dr. Solomon C. Stinson

December 22, 2006

Ms. Ana Fernandez, Chair and Members of the Board
Sunshine Academy Charter School
14550 NE 6th Avenue
Miami, Florida 33161

VIA FACSIMILE & U.S.MAIL
(305) 947-3609

RE: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006 AND MANAGEMENT REPRESENTATIONS CONCERNING THE SCHOOL'S FINANCES

Thank you for providing us with copies of the audited financial statements for Sunshine Academy Charter School. A review of your financial statements raises concerns that require further explanation and support.

NOTE 7 – TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES discloses that the school advanced \$10,000 to an affiliated school in Broward County, received approximately \$60,000 in loans from related parties, and that the principal's husband is an authorized signer on the school's bank account.

- Please provide us copies of the minutes of the Board of Directors meetings where the advance to the affiliated school and the loans from the related parties were discussed and approved, and where the board approved signatory authority to the principal's husband.
- Please provide us documentation on the terms of the financing agreement from the related parties.
- Further, provide us documentation of your school's bylaws, policy and procedures indicating how related party transactions are reviewed and resolved to prevent potential conflict of interest. Include information on any corrective action taken to address the controls over the bank account.

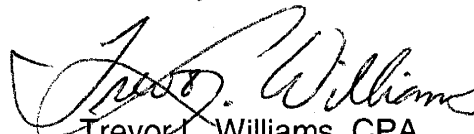
In their Management Letter, your independent auditors made three recommendations to improve the school's financial management.

- Please provide us a detailed description of your corrective plan of action and the current status.

Please respond in writing to this request by Friday, January 19, 2007. We plan to present the audited financial statements of your school and the additional information requested, to the School Board Audit Committee at its next regularly scheduled meeting: Tuesday, January 30, 2007 in room 916 of the School Board Administration Building, 1450 N.E. 2nd Avenue at 12:30 p.m. Please plan on attending or sending a representative from your school to respond to questions that the Audit Committee may have.

Should you have any questions, please call Mr. Jon Goodman at 305-995-1323 or Mr. Norberto Ferradaz at 305-995-1322. Thank you in advance for your cooperation.

Sincerely,



Trevor L. Williams, CPA
District Audit Director

cc: Dr. Rudolph F. Crew
Ms. Carolyn Spaht
Ms. JulieAnn Rico
Ms. Antoinette Dunbar
Ms. Ofelia San Pedro
Ms. Connie Pou
Mr. Michael Bell
Ms. Ellen O. Wright
Ms. Margarita Betancourt

Sunshine Academy Charter School Inc.

7601 Shalimar Street
Miramar, FL 33023
(786) 210-8324 Office
(954) 962-1264 fax

January 19, 2007

Mr. Norberto Ferradaz
1450 N.E. Second Avenue
Room 415
Miami, Florida 33132

Dear Mr. Ferradaz:

I want to take this opportunity to thank you for the help you extended on our conversation today. As I explained, this is our second year of operation and still learning. Last year I found myself in a unique situation for me, to run a business without the monies promised as the Start-up grant, without capital support and a district mandate that we have available to our children items that were beyond our control to purchase. We were advised that banks would give us loans based on the grant approval.

Based on that advice I acted as quickly as possible and obtained a loan from individuals close to me that were willing to provide the cash I needed immediately. No notes were drawn, only verbal agreements. The governing board at the time was made aware of these transactions as part of the reporting done at these meetings. Within days of receiving our start-up grant, checks were done to pay back these loans plus interest for these individuals having taken a chance on a new school without a credit history.

I was not aware that a paper trail was needed. Nor was I aware that we need to have an amendment to our bi-laws. In hind sight it all makes sense but as I explained in our phone call we were working blindly without adequate legal advice.

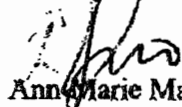
We've grown a lot since then. We have incorporated individuals who can at least offer professional advice as needed so that we do not make major blunders again. We will also address the amendments that need to be made to the by-laws in the next governing board meeting set for January 25, 2006. I am enclosing a copy of the e-mail sent to our chair, Ana Fernandez identifying this as one of the agenda items needed to be addressed at this meeting. Forth coming we will send you a copy of our resolution as amended by the governing board on that date.

Please realize that only two individuals to date have had access to the school funds as initiators of this project, me and my husband. Because of personal and business related

issues, Mr. Manzano will most probably be out of the country for a substantial amount of time, he will be removed from access to the school funds. Proof of this will also be included next week. This will leave me as the only person authorized to handle school funds. Should this arrangement not be acceptable to auditors, please provide me with some expert guidance.

If you have further concerns not addressed above, please contact me at (954)962-1264 or my cellular (786)210-8324.

Thank you



Ann Marie Manzano
Director

Write a Message

Click to open your address book. Separate addresses with a comma.

To : "Ana Fernandez" <aflexxus@yahoo.com>

Cc :

Bcc :


Subject :

Attachments :

 letter to auditor re ...(24KB)

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Ana, this was a response to the letter you received regarding school finances that you gave to me to handle. I resprded to their questions and informed them that we would be in the agenda for the gov board meeting in January were we would work up an amedment that would show that we could borrow money to run the school pending receiving funds or to be able to lend moneys from one school to the other as long as all loans are paid as the funds become available.

OVR INS

Note: For a single space between lines of text, press SHIFT + ENTER.

Ferradaz, Norberto

From: Ana Fernandez [jireh.ins@gmail.com]
Sent: Saturday, January 20, 2007 2:27 AM
To: Ferradaz, Norberto
Cc: menineducation.org@gmail.com; ayiticherie@gmail.com; sbw@successarchitect.net; manzanos5@netzero.net; jireh.ins@gmail.com; aflexxus@yahoo.com
Subject: Fwd: Sunshine Academy Charter School

Dear Mr. Ferradaz,

I'm glad to see Ms. Manzano's effort in addressing the past financial transactions of the school. I anticipate the school will benefit by her working with you. As I reviewed her correspondence, I quoted in bold certain points below that need to be clarified and corrected:

1. Ms. Manzano's correspondence below, states "**Ana, this was a response to the letter you received regarding school finances that you gave to me to handle.**"
Please note that I will be asking Ms. Manzano that a copy of said letter be faxed to me immediately since I have no recollection of any correspondence from the District regarding funds, loans or previous financial transactions. Ms. Manzano represented that such letter involved school finances and previous funds' transactions. I will secure a copy and bring to our next board meeting.
2. Her email further states "**I respnded to their questions and informed them that we would be in the agenda for the gov board meeting in January were we would work up an amedment that would show that we could borrow money to run the school pending receiving funds or to be able to lend moneys from one school to the other as long as all loans are paid as the funds become available.**" ,, Hereagain, any audit issues or concerns regarding financial transactions and transfer of funds between schools has not previously been brought up to *this Board*. However, at her request, as I interpret from the email that I received today, I have included this in our next agenda to discuss, and will ask for a written history of this issue, where the issue stems from and the reasons such amendments need to be made at this point in time. I can assure you that as a Board, we shall give consideration to any responsible amendment that forwards the school while upholding transparency and full accountability of process.
3. Ms. Manzano has indicated on her letter that "**The governing board at the time was made aware of these transactions as part of the reporting done at these meetings**". What I intend to clarify about the aforementioned point is that the **current board** was never notified of past transactions, loans, or transfer of funds between schools. We were formed on or around January 12, 2006, with new members being voted in on same date (1/12/06). If any such notices would have been reported, it would have been to the previous board.

I trust the above clarifications will assist you and Ms. Manzano in accomplishing the organizational goals set forth for our school.

Please feel free to give me a call with any questions you may have.

Best regards,

Ana R. Fernandez, CIC
 Chair Person
 Sunshine Academy Charter School

1/22/2007

----- Forwarded message -----

From: "manzanos5@netzero.net" <manzanos5@netzero.net>

To: aflexxus@yahoo.com

Date: Fri, 19 Jan 2007 16:05:08 GMT

Subject:

Ana, this was a response to the letter you received regarding school finances that you gave to me to handle. I respnded to their questions and informed them that we would be in the agenda for the gov board meeting in January were we would work up an amedment that would show that we could borrow money to run the school pending receiving funds or to be able to lend moneys from one school to the other as long as all loans are paid as the funds become available.

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Ferradaz, Norberto

From: Ana Fernandez [jireh.ins@gmail.com]
Sent: Tuesday, January 30, 2007 12:52 PM
To: Ferradaz, Norberto
Cc: Ana Fernandez
Subject: Sunshine Academy Charter School - Audit Committee Meeting today

Dear Mr. Ferradaz:

Although I have made every attempt this morning and yesterday evening to re-arrange my schedule to accommodate the meeting of this afternoon, it will not be possible for me to attend as Chair, without creating a substantial loss to my clients' and my company's business. It was my understanding based on a previous conversation, that Sunshine Academy would not be included as part of the review during today's meeting, however, after meeting with Ms. Pauline at the Charter School Operations office yesterday, and our conversation of this morning, I now understand this is not the case. I truly apologize however it is impossible for me to arrange my schedule as I originally intended this morning.

As Chair, and speaking on behalf of our Board, we are committed to reviewing thoroughly the current internal controls of the school, and making any changes necessary to ensure full accountability and transparency in the school's transactions and business. I personally have spent five (5) hours yesterday with Ms. Pauline reviewing the governance procedures and current issues of our school, which we were not aware of until now. In addition, I attended a Site visit with Ms. Ellen Wright on Friday morning, and have spent approximately 6-7 hours reviewing all the information we now have regarding our school, and compiling a detailed report to bring to the Board during our next Board meeting for discussion, including our recent findings regarding our audit, which had not been brought up to the Board previously for review. Obviously, this has now become a priority for our Board.

On behalf of Sunshine Academy Charter School Board of Directors, please accept this email as our commitment to focus on resolving any financial matters, internal controls or changes that may be required to ensure our school is in full compliance, for the best interest of the children which our school is intended to serve.

If need be, the Board can submit to you and your office a written response to any inquiries that the Audit Committee may continue to have as a result of today's meeting. Please feel free to forward to me via email copies of any correspondences that require our immediate attention.

Best regards,

--

Ana R. Fernandez, CIC
President
Jireh & Associates Ins. Services, LLC
Off: 305-512-7680 Fax: 786-513-2778
Cell: 954-548-6616
Website: <http://www.1wp.com/go/jirehassociates/>
Email: jireh.ins@gmail.com

1/30/2007