

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
(A COMPONENT UNIT OF THE SCHOOL BOARD  
OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2007



**KEEFE, McCULLOUGH & CO., LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
June 30, 2007

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-6

BASIC FINANCIAL STATEMENTS

Government-wide Basic Financial Statements:

Statement of Net Assets	7
Statement of Activities	8

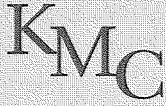
Fund Basic Financial Statements:

Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	10
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues and Expenditures - Budget and Actual - General Fund	13

Notes to Basic Financial Statements	14-20
-------------------------------------	-------

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	21-22
Independent Auditors' Report to the Board of Directors	23-24
Schedule of Findings and Responses	25-27



KEEFE, McCULLOUGH & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A.  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
BRIAN D. PINNELL, C.P.A. (RETIRED)  
KENNETH G. SMITH, C.P.A.  
LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.  
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY  
SUITE 410  
FORT LAUDERDALE, FLORIDA 33308  
(954) 771-0896  
FAX: (954) 938-9353  
E-MAIL: kmc@kmccpa.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Archimedean Middle Conservatory,  
A Department of Archimedean Academy, Inc.  
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities, the General Fund and the aggregate remaining fund information of Archimedean Middle Conservatory (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

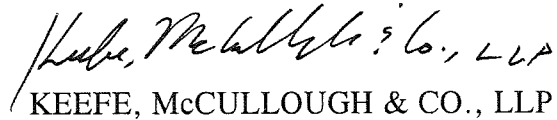
As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities, and General Fund and aggregate remaining fund information of the School that is attributable to the transactions of Archimedean Middle Conservatory. They do not purport to, and do not, present fairly the financial position of Archimedean Academy, Inc. as of June 30, 2007, and its changes in financial position or budgetary comparison, where applicable for the year ended June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the Governmental Funds of the School as of June 30, 2007, and the respective changes in financial position and budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Archimedean Middle Conservatory

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2007, 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 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 on pages 3 through 6, is not a required part of the basic financial statements, but is supplementary information required by the 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 supplementary information. However, we did not audit the information and express no opinion on it.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
October 22, 2007

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

As management of Archimedean Middle Conservatory (the School), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2007.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information.

## **FINANCIAL HIGHLIGHTS**

Our basic financial statements provide these insights into the results of this year's operations.

- The School's total assets exceeded its liabilities at of June 30, 2007 by \$ 190,973 (net assets).
- The School's net assets increased by \$ 167,454 during the current fiscal year as a result of this year's operations.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide basic financial statements**

The government-wide basic 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, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 7 and 8 of this report.

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

**Fund financial statements**

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

**Governmental funds**

All of the funds of the School are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The governmental fund basic financial statements can be found on pages 9 and 11 of this report.

**Notes to basic financial statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 14 through 20 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The School has been in operation for two years; therefore, comparative government-wide data is presented. The School's net assets were \$ 190,973 at June 30, 2007. Of this amount, \$ 127,252 represented unrestricted net assets and \$ 63,721 represented amounts invested in capital assets, net of related debt. The School's net assets were \$ 23,519 at June 30, 2006. Of this amount, \$ 7,125 represented unrestricted net assets and \$ 16,394 represented amounts invested in capital assets, net of related debt. See "Financial Highlights" on page 3 of this report for an explanation of the reason for the change in net assets.

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

Our analysis in the table below focuses on the net assets of the School's governmental activities:

Archimedean Middle Conservatory		Net Assets	
		<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>			
Current and other assets	\$	319,304	\$ 144,632
Capital assets, net of depreciation		<u>63,721</u>	<u>16,394</u>
Total assets		<u>383,025</u>	<u>161,026</u>
<b>LIABILITIES:</b>			
Current liabilities		<u>192,052</u>	<u>137,507</u>
Total liabilities		<u>192,052</u>	<u>137,507</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt		63,721	16,394
Unrestricted		<u>127,252</u>	<u>7,125</u>
Total net assets	\$	<u><u>190,973</u></u>	\$ <u><u>23,519</u></u>

**Governmental activities**

The results of this year's operations for the School as a whole are reported in the statement of activities on page 8. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2007 and 2006:

Archimedean Middle Conservatory		Changes in Net Assets	
		<u>2007</u>	<u>2006</u>
<b>REVENUES:</b>			
General revenues	\$	987,868	\$ 329,668
Program revenues		112,502	314,250
Other revenue		<u>161,521</u>	<u>25,152</u>
Total revenues		<u>1,261,891</u>	<u>669,070</u>
<b>FUNCTIONS/PROGRAM EXPENSES:</b>			
Instruction		592,131	167,497
Instructional support services		487,964	457,626
Operation of noninstructional services		<u>14,342</u>	<u>20,428</u>
Total governmental activities		<u>1,094,437</u>	<u>645,551</u>
Increase in net assets	\$	<u><u>167,454</u></u>	\$ <u><u>23,519</u></u>



**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2007

The total revenues of the School increased by \$ 592,821 overall. This is a direct result of the increase in total number of students from 61 in the 2005-2006 school year to 149 in the 2006-2007 school year.

**GOVERNMENTAL FUND EXPENDITURES**

In the table below, we have presented the corporation costs of the of total governmental expenditures:

<u>Functions/Programs</u>	<u>2007 Expenditures</u>	<u>2006 Expenditures</u>
<u>Governmental expenditures:</u>		
Instructional expenditures	\$ 587,871	\$ 166,459
Administrative services	204,271	223,683
Plant operations and maintenance	280,783	253,981
All other functions/programs	<u>68,839</u>	<u>17,822</u>
 Total governmental expenditures	 \$ <u>1,141,764</u>	 \$ <u>661,945</u>

**GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were in line with budgeted amounts. Total expenditures were approximately 1.7% greater than budgeted amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital assets*

At June 30, 2007, the School had capital assets of \$ 63,721, net of accumulated depreciation, invested in computer equipment, furniture, equipment and textbooks, and improvements as compared to \$ 16,394 at June 30, 2006.

*Debt*

The School had no outstanding debt at June 30, 2007 and 2006.

**ECONOMIC FACTORS**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School for fiscal year 2007-2008 include:

- Increases in education funding of approximately 6.2%
- Increases in student enrollment from 149 students to 220 students

**REQUESTS FOR INFORMATION**

If you have any questions about this report or need additional information, please write to Mr. Dimitrios Bardoutsos at Archimedean Academy, Inc.; 12425 S.W. 72<sup>nd</sup> Street (Sunset Drive); Miami, Florida 33183.

# BASIC FINANCIAL STATEMENTS

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
STATEMENT OF NET ASSETS  
June 30, 2007

A S S E T S

	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 189,707
Due from other governments	109,013
Accounts receivable	5,012
Prepaid expenses	<u>15,572</u>
Total current assets	319,304
 <b>NONCURRENT ASSETS:</b>	
Capital assets, net of accumulated depreciation	<u>63,721</u>
Total assets	<u>383,025</u>
<b>L I A B I L I T I E S   A N D   N E T   A S S E T S</b>	
 <b>CURRENT LIABILITIES:</b>	
Accounts payable	106,931
Accrued expenses	47,088
Due to other schools	<u>38,033</u>
Total current liabilities	<u>192,052</u>
Total liabilities	<u>192,052</u>
 <b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	63,721
Unrestricted	<u>127,252</u>
Total net assets	\$ <u><u>190,973</u></u>

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

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2007

		Program Revenues			Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Assets	
FUNCTIONS/PROGRAMS:					
Instruction:					
Regular instruction	\$ 592,131	\$ --	\$ --	\$ --	
Instructional support services:					
Instructional services	67,923	--	--	(67,923)	
Administrative services	137,213	--	--	(137,213)	
Plant operations and maintenance	282,828	--	--	112,502	
Operation of non-instructional services:					
Board services	14,342	--	--	--	
Total governmental activities	\$ 1,094,437	\$ --	\$ --	\$ 112,502	
		General revenues:			
				987,868	
				161,521	
			Total general revenues	1,149,389	
			Change in net assets	167,454	
			Net assets, July 1, 2006	23,519	
			Net assets, June 30, 2007	\$ 190,973	

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

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2007

A S S E T S

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 189,707	\$ --	\$ 189,707
Due from other governments	109,013	--	109,013
Accounts receivable	5,012	--	5,012
Prepaid expenditures	<u>15,572</u>	<u>--</u>	<u>15,572</u>
Total assets	\$ <u>319,304</u>	\$ <u>--</u>	\$ <u>319,304</u>

L I A B I L I T I E S   A N D   F U N D   B A L A N C E

<b>LIABILITIES:</b>			
Accounts payable	\$ 106,931	\$ --	\$ 106,931
Accrued expenses	47,088	--	47,088
Due to other schools	<u>38,033</u>	<u>--</u>	<u>38,033</u>
Total liabilities	<u>192,052</u>	<u>--</u>	<u>192,052</u>
 <b>FUND BALANCE:</b>			
Reserved for:			
Prepaid expenditures	15,572	--	15,572
Unreserved	<u>111,680</u>	<u>--</u>	<u>111,680</u>
Total fund balance	<u>127,252</u>	<u>--</u>	<u>127,252</u>
Total liabilities and fund balance	\$ <u>319,304</u>	\$ <u>--</u>	\$ <u>319,304</u>

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

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
 June 30, 2007

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Total fund balance - governmental fund, page 9	\$	127,252
--	----	---------

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net assets includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$	72,319	
Less accumulated depreciation		<u>(8,598)</u>	<u>63,721</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u><u>190,973</u></u>
---	----	-----------------------

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

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2007

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
State sources	\$ 987,868	\$ 112,502	\$ 1,100,370
Other revenue	<u>161,521</u>	<u>--</u>	<u>161,521</u>
Total revenues	<u>1,149,389</u>	<u>112,502</u>	<u>1,261,891</u>
<b>EXPENDITURES:</b>			
Current:			
Regular instruction	587,871	--	587,871
Instructional services	67,923	--	67,923
Administrative services	136,348	--	136,348
Plant operations	165,112	112,502	277,614
Plant maintenance	3,169	--	3,169
Board services	14,342	--	14,342
Capital outlay	<u>54,497</u>	<u>--</u>	<u>54,497</u>
Total expenditures	<u>1,029,262</u>	<u>112,502</u>	<u>1,141,764</u>
Net change in fund balance	<u>120,127</u>	<u>--</u>	<u>120,127</u>
FUND BALANCE, July 1, 2006	<u>7,125</u>	<u>--</u>	<u>7,125</u>
FUND BALANCE, June 30, 2007	\$ <u><u>127,252</u></u>	\$ <u><u>--</u></u>	\$ <u><u>127,252</u></u>

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

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGE IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 For the Year Ended June 30, 2007

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Net change in fund balance, total governmental fund, page 11	\$ 120,127
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

The cost of property and equipment purchased	\$ 54,497	
Less current year depreciation expense	(7,170)	<u>47,327</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$ <u>167,454</u>
--	-------------------

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



**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
 For the Year Ended June 30, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>			
State sources	\$ 990,637	\$ 987,868	\$ (2,769)
Other revenues	<u>70,000</u>	<u>161,521</u>	<u>91,521</u>
Total revenues	<u>1,060,637</u>	<u>1,149,389</u>	<u>88,752</u>
<b>EXPENDITURES:</b>			
Current:			
Regular instruction	435,781	587,871	(152,090)
Instructional services	27,392	67,923	(40,531)
Administrative services	302,556	136,348	166,208
Plant operations and maintenance	173,143	168,281	4,862
Board services	8,111	14,342	(6,231)
Fiscal services	26,639	--	26,639
Capital outlay	<u>38,219</u>	<u>54,497</u>	<u>(16,278)</u>
Total expenditures	<u>1,011,841</u>	<u>1,029,262</u>	<u>(17,421)</u>
Net change in fund balance	\$ <u>48,796</u>	\$ <u>120,127</u>	\$ <u>71,331</u>

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

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007 and 2006

NOTE 1 - ORGANIZATION AND OPERATIONS

Archimedean Middle Conservatory (the "School"), a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is established as a charter school for children from the sixth through eighth grade. As of June 30, 2007, approximately 149 students were enrolled in the school. The School is funded primarily through the School Board of Miami-Dade County. The School was established in April 2005 when the School Board of Miami-Dade County granted Archimedean Academy, Inc. a charter to operate a public middle school. The accompanying basic financial statements present the financial position of the School only. The School Board may terminate the charter before its expiration date based on various circumstances as defined in the charter agreement.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Archimedean Academy as of June 30, 2007 and its change in financial position or budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2015, and may be renewed for an additional fifteen years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown. Archimedean Middle Conservatory is considered a component unit of the School Board of Miami-Dade County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting guide - Not-for-Profit Organizations and provisions of Florida Statutes the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide Basic Financial Statements:

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund basic financial statements (reporting the School's major fund). Both the government-wide and fund basic financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

Fund Basic Financial Statements:

The accounts of the School are organized on the basis of 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 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.

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.

Measurement focus and basis of accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds used the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund basic financial statements are presented 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:

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

The School maintains its cash accounts with two financial institutions. The School's accounts at this institution, at times, may exceed the federally insured limit.

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Prepaid expenses/expenditures:

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund basic financial statements.

Donated goods and services:

The School receives donated teaching services from the Greek government, as well as donated goods, which are Greek textbooks. These donated services are recorded as contributions and a corresponding expense account at their estimated fair value, while the donated goods are recorded as contributions and estimated fair value is capitalized. For the year ended June 30, 2007, the School has received approximately \$ 114,000 in donated teachers' salaries and \$ 8,000 in donated textbooks.

Allowance for doubtful accounts:

Management of the School reviews the receivable balances and provides an allowance for accounts which may be uncollectible. At June 30, 2007, management considers the receivables to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

Net assets:

Net assets are classified in two categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Unrestricted - indicates that portion of net assets that will need to be funded by future operations.

Fund balance:

Fund balance is classified in two categories. The general meaning of each is as follows:

Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.

Unreserved - indicates the portion of fund balance that will need to be funded by future operations.

Capital assets:

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 500 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the estimated useful lives as follows:

Furniture, equipment, and textbooks	5 years
Improvements	10 years
Computer equipment	5 years

Revenue sources

Revenues for operations are received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. Funding for the School's student population is adjusted during the year to reflect the revised calculations by the Florida Department of Education 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.

Income taxes:

The School is a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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/expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the June 30, 2006 financial statements have been reclassified to conform to the June 30, 2007 presentation.

NOTE 3 - DEPOSITS

At June 30, 2007, the carrying amount of the deposits and cash on hand totaled \$ 189,707 with a bank balance of \$ 217,452.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 3 - DEPOSITS (continued)**

the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2007.

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

Due from other governments is comprised of amounts due from the School Board of Miami-Dade County, Florida and other governments as follows:

Startup grant	\$	73,400
Capital outlay		20,713
School recognition award		<u>14,900</u>
	\$	<u><u>109,013</u></u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2007 are as follows:

	Balance at July 1, 2006	Additions	Retirements	Balance at June 30, 2007
Capital assets:				
Furniture, equipment and textbooks	\$ 10,728	\$ 29,625	\$ --	\$ 40,353
Improvements	7,094	19,853	--	26,947
Computer equipment	<u>--</u>	<u>5,019</u>	<u>--</u>	<u>5,019</u>
Total capital assets	<u>17,822</u>	<u>54,497</u>	<u>--</u>	<u>72,319</u>
Accumulated depreciation:				
Furniture, equipment and textbooks	(1,073)	(4,570)	--	(5,643)
Improvements	(355)	(1,964)	--	(2,319)
Computer equipment	<u>--</u>	<u>(636)</u>	<u>--</u>	<u>(636)</u>
Total accumulated depreciation	<u>(1,428)</u>	<u>(7,170)</u>	<u>--</u>	<u>(8,598)</u>
Net capital assets	\$ <u><u>16,394</u></u>	\$ <u><u>47,327</u></u>	\$ <u><u>--</u></u>	\$ <u><u>63,721</u></u>

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$	4,259
Instructional support services - administrative		2,045
Instructional support services - plant operations and maintenance		<u>866</u>
	\$	<u><u>7,170</u></u>

**ARCHIMEDEAN MIDDLE CONSERVATORY**  
**A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2007

**NOTE 6 - COMMITMENTS**

The School had previously entered into an agreement with Academica Corporation (the "Management Company"), a professional charter school management company, to provide management and administrative services to the School. In providing management services to the School, officers of the management company may not serve as member of the Board of Directors of a school. This agreement was terminated and, as a result, no fees were incurred during the year.

**NOTE 7 - RELATED PARTY TRANSACTIONS**

As mentioned in Note 1 to the financial statements, the School is a department of Archimedean Academy, Inc. (the "Corporation") and is affiliated with Archimedean Academy (the "Academy"), another school operating as a department of the Corporation. The two schools share various costs inherent with operating out of the same facility. In addition, the schools may also advance monies on an interim basis to one another. As a result of these transactions, there remains a due to the Academy of \$ 38,033 as of June 30, 2007.

**NOTE 8 - LEASES**

The School leases its campus from Archimedean Properties, LLC pursuant to a lease term from July 2005 through June 2012. The School shares its facilities with the Academy and lease payments are allocated 30% to the School and 70% to the Academy (Note 7). Lease payments are currently in arrears and the total amount owed to the property owners is \$ 112,800 as of June 30, 2007. Monthly lease payments are approximately \$ 19,200. The School is also responsible to pay the owners' taxes and insurance costs.

In addition, the School leases office equipment payable at approximately \$ 500 per month through November 2009 and at lesser amounts through January 2012.

Total rent expense for the year ended June 30, 2007 was approximately \$ 231,100.

Future minimum payments required under the operating leases are approximately as follows:

Year Ending <u>June 30,</u>	<u>Operating Leases</u>	<u>School Premises Lease</u>
2008	\$ 6,100	\$ 230,400
2009	6,100	230,400
2010	5,000	230,400
2011	4,300	230,400
2012	2,500	230,400
Thereafter	--	--

**NOTE 9 - RISK FINANCING**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 10 - GRANTS

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



# OTHER INDEPENDENT AUDITORS' REPORTS



**KEEFE, McCULLOUGH & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

JOHN R. KEEFE, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A.  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
BRIAN D. PINNELL, C.P.A. (RETIRED)  
KENNETH G. SMITH, C.P.A.  
LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.  
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY  
SUITE 410  
FORT LAUDERDALE, FLORIDA 33308  
(954) 771-0896  
FAX: (954) 938-9353  
E-MAIL: [kmc@kmc CPA.com](mailto:kmc@kmc CPA.com)

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

To the Board of Directors  
Archimedean Middle Conservatory  
A Department of Archimedean Academy, Inc.  
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, each major fund, and the aggregate remaining fund information of Archimedean Middle Conservatory (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of June 30, 2007, which collectively comprises the School's basic financial statements and have issued our report thereon dated October 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses, Item Number 2007-1, to be significant deficiencies in internal control over financial reporting.

Archimedean Middle Conservatory

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

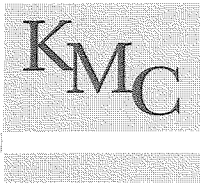
As part of obtaining reasonable assurance about whether the School's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings and Responses as Item 2007-2.

The School's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the School's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use by the School's management, Board of Directors, the Auditor General of the State of Florida and various other governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
October 22, 2007



KEEFE, McCULLOUGH & CO., LLP  
CERTIFIED PUBLIC ACCOUNTANTS

6550 NORTH FEDERAL HIGHWAY  
SUITE 410  
FORT LAUDERDALE, FLORIDA 33308  
(954) 771-0896  
FAX: (954) 938-9353  
E-MAIL: kmc@kmc CPA.com

JOHN R. KEEFE, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A.  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
BRIAN D. PINNELL, C.P.A. (RETIRED)  
KENNETH G. SMITH, C.P.A.  
LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.

CHARLES K. RUMPF, C.P.A.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.  
HILLARY B. DAIGLE, C.P.A.

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Archimedean Middle Conservatory  
Miami, Florida

This letter is written in connection with our audit of the basic financial statements of Archimedean Middle Conservatory (the School), a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007. The purpose of 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, Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules, regulations, or contractual provisions reported for the preceding audit.
2. There were recommendations made relating to the preceding audit, and their status is listed on page 25.
3. There were recommendations to improve the School's financial management, accounting procedures and internal controls, and they are listed on the Schedule of Findings and Responses on pages 25-27.
4. There were no violations of laws, rules, regulations, and contractual provisions discovered during our audit, except as noted in our Schedule of Findings and Responses as Item Number 2007-2.
5. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the basic financial statements.
6. There were no other matters requiring correction which may or may not materially affect the basic financial statements reported on, including, but not limited to: improper or inadequate accounting procedures, failures to properly record financial transactions, or other inaccuracies, shortages, defalcations and instances of fraud or other reportable conditions.

Archimedean Middle Conservatory

7. As required by the Rules of the Auditor General (Section 10.854(1)(d)2), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

This report is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
October 22, 2007

ARCHIMEDEAN MIDDLE CONSERVATORY  
 A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
 SCHEDULE OF FINDINGS AND RESPONSES  
 June 30, 2007

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
Increase student enrollment in order to lower the cost of expenses per student.		X

CURRENT YEAR FINDINGS AND RESPONSES

**2007-1**

**SIGNIFICANT DEFICIENCY**

**Reconcile accounts to supporting documents and subsidiary ledgers:**

During our audit, we adjusted numerous accounts in order to agree with their supporting documentation and schedules. In order to make the financial reports generated by the accounting system as meaningful as possible, the School should reconcile the general ledger accounts to supporting documentation or subsidiary ledgers on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate, but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. For instance, a reconciliation of accounts receivable from the general ledger to a listing of receivables should be prepared in order to determine that all monies to be received are correctly recorded and there are no disputed items.

We recommend that the School develop a monthly closing procedure checklist that includes reconciling all accounts to their subsidiary ledger or supporting documentation.

**Management's Response:**

The School will hire an in-house financial managerial team, which will include:

- I. A full-time in-school well qualified bookkeeper who will be responsible for maintaining our accounting books, procedures of recording the activities, and proper filing of the relevant documentation.
- II. A part-time accountant, if needed, in order to oversee the accounting entries of activities, to issue the quarterly and yearly unaudited financial statement reports in a timely and proper manner, and to submit the reports to the local educational agency (MDCPS), to offer advice and guidance to the bookkeeper, and to propose policies and procedures based on the recommendations of this audit.

**2007-2**

**COMPLIANCE FINDING**

**Contractual violations:**

In accordance with the School's Charter Agreement with the School Board, the School is required to provide the School Board with quarterly internally prepared financial reports and annual audited financial statements by specified dates. The School did not submit the audited financial

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2007

CURRENT YEAR FINDINGS AND RESPONSES (continued)

statements to the School Board by September 1, 2007 or certain other financial reports on a timely basis.

**Management's response:**

The School will strive to comply with all contractual provisions including filing timely reports with oversight agencies.

**OTHER MATTERS**

**Use of charge cards or stores' credit for purchases:**

During our audit, we noted that many purchases of services, supplies, and/or assets paid by charge cards and/or stores' credit were not properly recorded. On certain occasions, we found that the transactions were not recorded timely.

We recommend that the activity of charge cards and stores' credit be recorded in similar fashion as a regular trade accounts payable. Management must also document the activity in order to properly record the expense or asset (e.g. gasoline, supplies, fixed assets) and liability based on the method of payment (e.g. American Express Payable).

**Management's response:**

The School uses a Home Depot business account card, a Staples account, and an American Express business card for purchases of building maintenance supplies (Home Depot), office supplies (Staples) and purchase of computer software, computer hardware, and some Internet purchases of supplies and services such as, medical insurance premiums for Greek government exchange teachers. We will accept the auditor's recommendation and record the cards' activity as regular trade accounts payable. As noted, we will strive to record the expense or assets in a timely manner (i.e., based on the date of the card's activity). This goal will also be accomplished with the hiring of an in-house financial management team.

**Adopt a records storage and retrieval system:**

Even in this age of computerized data, significant volumes of paper documents and records are generated. During our audit, we noticed that accounting records frequently could not be readily located when necessary. The cause of the problem appeared to be (a) lack of clearly specified system for filing records, (b) failure to return the record to the specified location, and (c) lack of specific policies for removing prior year records from the files to a designated storage space. We recommend the following steps be taken:

- Create a written policy pertaining to a systemic manner of retaining documents, including filing vendor bills, contracts, and other pertinent documents.
- Establish a written policy specifying which records should be retained permanently (scanned onto a computer disk after a time) and which records should be kept only for a given period before being destroyed and how long that period should be. (It might differ for different types

ARCHIMEDEAN MIDDLE CONSERVATORY  
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2007

CURRENT YEAR FINDINGS AND RESPONSES (continued)

of documents). Also, decide on when records should be removed from more accessible files to other storage areas. For example, some companies keep the current and prior year records in the accounting department or in storage rooms on the company's premises and store older records in off-premises warehouses. Assign personnel the responsibility to periodically clean out the files in accordance with established policy.

**Management's response:**

We will adopt both auditors' recommendations. Written policies will be in place and be running by the end of the second quarter of fiscal year 2008. In addition, the School will collect and organize by the end of the fiscal year 2008, all of the past invoices and documents, which are presently kept by the former management company, and are located off the School's premises.