

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

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ARTURO JORDAN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Academy of Arts and Minds Charter High School
Miami, Florida

We have audited the accompanying special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy"), which comprises the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

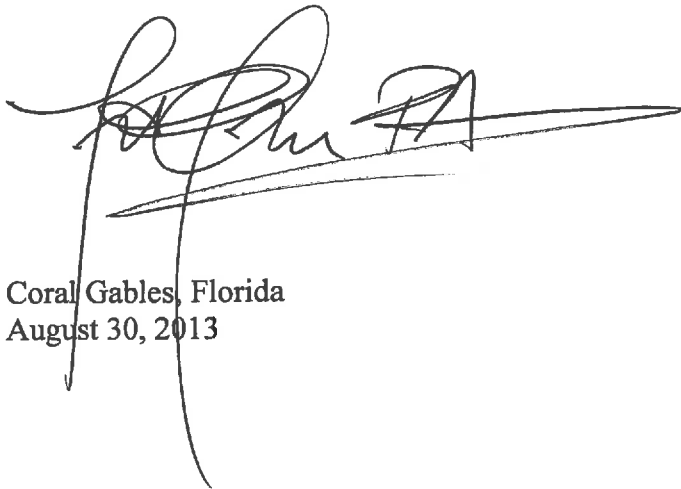
As explained in Note 2 to the special purpose financial statements, the financial statements being presented are only for the Academy. The special purpose financial statements, disclosures, and account classifications are presented pursuant to the accounting regulations promulgated by Miami-Dade County Public Schools. The special purpose financial statements do not include the statements of financial position, activities, and cash flows of Acting for All, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of Acting for All, Inc. as of June 30, 2013 and 2012, or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matter

The financial statements of the Academy as of June 30, 2012, were audited by other auditors whose report dated August 30, 2012, expressed an unmodified opinion on those statements.

A handwritten signature in black ink, appearing to be "L. P. ...", with a long horizontal line extending to the right.

Coral Gables, Florida
August 30, 2013

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Cash	\$ 19,638	\$ 18,247
Due from Miami-Dade County School Board – State of Florida Capital Outlay Distribution	5,175	-
Contributions receivable	56,250	49,800
Prepaid expenses	5,320	-
Security deposit	24,000	24,000
Net property and equipment	<u>71,141</u>	<u>65,027</u>
 TOTAL ASSETS	 <u>\$ 181,524</u>	 <u>\$ 157,074</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 93,778</u>	<u>\$ 57,533</u>
 TOTAL LIABILITIES	 93,778	 57,533
 NET ASSETS		
Unrestricted	<u>87,746</u>	<u>99,541</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 181,524</u>	 <u>\$ 157,074</u>

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES		
Governmental funding – Federal, State and Local	\$ 2,392,219	\$ 2,551,143
Other local sources	68,774	72,512
Contributions	256,682	866,523
TOTAL SUPPORT AND REVENUES	<u>2,717,675</u>	<u>3,490,178</u>
EXPENSES		
Instruction	980,766	1,385,367
Pupil personnel services	135,860	71,333
Instructional media service and curriculum development	9,249	1,105
Board	68,756	43,021
General administration	27,810	66,262
School administration	491,944	428,488
Fiscal services	5,302	19,328
Central services	12,623	26,947
Operation of plant	904,727	1,316,841
Food services	13,935	142,162
Depreciation and amortization	13,886	13,094
Student activities	64,612	64,672
TOTAL EXPENSES	<u>2,729,470</u>	<u>3,578,620</u>
DECREASE IN UNRESTRICTED NET ASSETS	(11,795)	(88,442)
NET ASSETS, BEGINNING OF YEAR	<u>99,541</u>	<u>187,983</u>
NET ASSETS, END OF YEAR	<u>\$ 87,746</u>	<u>\$ 99,541</u>

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in unrestricted net assets	<u>\$ (11,795)</u>	<u>\$ (88,442)</u>
Adjustments to reconcile decrease in unrestricted net assets to net cash provided by (used in) operating activities:		
Non-cash contribution of computer equipment	(20,000)	(8,000)
Depreciation and amortization	13,886	13,094
Changes in assets and liabilities:		
(Increase) decrease in due from Miami-Dade County School Board	(5,175)	20,437
(Increase) in other current assets	(5,320)	-
(Increase) decrease in contributions receivable	(6,450)	20,259
Increase (decrease) in accounts payable and accrued expenses	<u>36,245</u>	<u>(92,207)</u>
TOTAL ADJUSTMENTS	<u>13,186</u>	<u>(46,417)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,391	(134,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(32,534)</u>
NET INCREASE (DECREASE) IN CASH	1,391	(167,393)
CASH, BEGINNING OF YEAR	<u>18,247</u>	<u>185,640</u>
CASH, END OF YEAR	<u>\$ 19,638</u>	<u>\$ 18,247</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash investing and financing activities:

During the years ended June 30, 2013 and 2012, the Academy received a contribution of computer and audio visual equipment with an estimated fair value of \$ 20,000 and \$8,000, respectively.

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 1 – NATURE OF ACTIVITIES

On November 19, 2003, the Miami-Dade County School Board approved the charter school application submitted by the Board of Directors of Acting for All, Inc. (the "Parent"), for Academy of Arts and Minds Charter High School (the "Academy"). The Parent is a nonprofit organization incorporated under the laws of the State of Florida to provide community development, and promote special programs and events including operating a charter school organized pursuant to Section 228.056 of the Florida Statutes. The Parent is governed by the Board of Directors, ("BOD"), that is directly responsible to the Miami-Dade County School Board for all aspects of the Academy's operations and activities.

The Academy operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the "School Board"). The Academy's charter was approved by the School Board on February 12, 2004, and is effective until June 30, 2015. The charter may be renewed for up to an additional fifteen (15) years by a mutual written agreement between the Academy and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the Academy in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e), Florida Statutes, the charter school contract provides that in the event the Academy is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Enrollment and Grade Configuration for the 2012-2013 school year:

<u>School Name and Address</u>	<u>Grades</u>	<u>Enrollment</u>	<u>School Principal</u>
Academy of the Arts & Minds	9 th	97	Jorge Suarez*
Charter High School	10 th	100	
3138 Commodore Plaza	11 th	96	
Miami, FL 33133	12 th	105	

*For the 2013-2014 school year the principal is Eida Herrera

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 1 – NATURE OF ACTIVITIES (continued)

Board of Directors (Executive Committee)

The Board of Directors of Academy of Arts and Minds Charter High School (BOD) consists of the following members:

Richard P. Dunn II, Chairperson
Ruth Montaner, Board Member - Communications
Cecilia S. Holloman, Board Member - Operations & Management
Percy Aguila, Board Member - Finance
Eric C. Pino - Board Member

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements, disclosures, and account classifications are presented pursuant to the accounting regulations promulgated by Miami-Dade County Public Schools. The special purpose financial statements present the statements of financial position, activities, and cash flows of the Academy of Arts and Minds Charter High School only and does not include the assets, liabilities, net assets, activities, and cash flows of Acting for All, Inc.

In addition, the accounts of the Academy are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying special purpose financial statements, funds from the Academy's programs are presented in accordance with FASB ASC Topic 958, *Not-For-Profit Entities*. In accordance with FASB ASC Topic 958, *Not-For-Profit Entities*, the recognition of contributions to the Academy, which include unconditional promises to give, is recorded as revenue in the period received or promised at their fair values. Contributions made, including unconditional promises to give, are recognized as expenses in the period made or promised at their fair values.

Under FASB ASC Topic 958, *Not-For-Profit Entities*, the Academy is required to report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted, (2) temporarily restricted, and (3) permanently restricted. Temporarily restricted net assets represent those whose use has been limited (restricted) by restrictions placed either on the time period during when the assets may be used or the purposes for which the assets may be used. Permanently restricted net assets are net assets required by donor restrictions or by law to be maintained by the organization in perpetuity. Unrestricted net assets are all other net assets.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donor restricted contributions whose restrictions are met within the same reporting period in which they are recognized are reported as unrestricted revenue.

Contributions Receivable

At June 30, 2013 and 2012, the Academy had contributions receivable from its Founder (Note 5) of \$36,300 and \$49,800, respectively. The Academy also had contributions receivable from its Landlord (Note 5) at June 30, 2013 of \$19,950. Management performed an assessment of these receivables and determined that an allowance for doubtful accounts was not considered necessary.

Property and Equipment

Property and equipment, which consist of furniture, fixtures, and equipment, are recorded at cost. Donations of property and equipment are recorded at their fair value as determined on the date of the donation. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation and amortization are provided over the estimated useful lives of the related assets, which generally range from 3 to 10 years, and using primarily the straight-line method.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and Section 228.056(13), Florida Statutes, the Academy reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Section 236.081, Florida Statutes, the School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Academy is adjusted monthly during the same fiscal year to reflect the revised calculations by the FDOE under the FEFP and actual FTE students reported by the Academy during the designated full-time equivalent student survey periods.

In addition, Section 1013.62(1), Florida Statutes, establishes eligibility criteria and allocation procedures for the distribution of capital outlay funds to charter schools. Distributions from capital outlay funds are sent on a monthly basis to the sponsoring school district, which in turn remits funds to the charter schools. Capital outlay fund allocations are calculated during the fiscal year based on student membership to date and are recalculated during the fiscal year to properly reflect such data.

Pursuant to Section 1013.62(2), Florida Statutes, charter school capital outlay funds may be used only for specific purposes in which the Academy has complied and expended in the same fiscal period. Such revenues are included as part of governmental funding revenues in the Statements of Activities, and further detail is shown in Note 4.

Income Taxes

The Academy is not an entity for income tax purposes. The Parent has a tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in these financial statements.

Management 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the June 30, 2012 financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Academy Management has evaluated subsequent events through August 30, 2013, the date these special purpose financial statements were available to be issued.

NOTE 3 – PROPERTY AND EQUIPMENT

Net property and equipment was comprised of the following as of June 30:

	2013	2012
Furniture and fixtures	\$ 114,767	\$ 114,767
Computer equipment and software	52,465	44,465
Audio visual and other equipment	52,750	40,750
Leasehold improvements	21,494	21,494
	<u>241,476</u>	<u>221,476</u>
Less: Accumulated depreciation and amortization	170,335	156,449
	<u>\$ 71,141</u>	<u>\$ 65,027</u>

Depreciation expense was \$13,886 and \$13,094 for the years ended June 30, 2013 and 2012, respectively.

NOTE 4 – SUPPORT AND REVENUES

As described in Note 2, the School Board provides operating funds from FEFP, on a monthly basis based on FTE students. Remaining support and revenue sources are generated by daily operations of the Academy from student activities and other contributions (Note 5). These amounts are included in total support and revenues in the Statements of Activities as follows for the years ended June 30:

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 4 – SUPPORT AND REVENUES (continued)

	<u>2013</u>	<u>2012</u>
<u>Governmental Funding – Federal, State and Local</u>		
Miami-Dade County School Board:		
Florida Education Finance Program	\$ 2,211,313	\$ 2,264,661
Florida Teachers Leaders	-	5,547
Capital Outlay	148,050	215,480
Florida School Recognition Award	32,856	65,455
TOTAL	<u>2,392,219</u>	<u>2,551,143</u>
 <u>Other Local Sources:</u>	 68,774	 72,512
 <u>Other:</u>		
Contributions (Note 5):		
Landlord	189,330	700,804
EMO	43,352	83,000
Food Service Provider	-	72,719
Founder	16,000	-
Third party	8,000	10,000
 TOTAL SUPPORT AND REVENUES	 <u><u>\$ 2,717,675</u></u>	 <u><u>\$ 3,490,178</u></u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The Academy had transactions during the year with several related parties managed and owned by a founding board member of the Academy (the "Founder"). The entities are as follow: Commodore Plaza Parking, L.C. (the "Landlord"), A&M Square Food Services, LLC (the "Food Service Provider") and EDU Management, LLC (the "EMO"). The Founder is not a member of the BOD.

Lease Agreement

The Academy, through its Parent, has a lease agreement with the Landlord. The lease term was for one year, and ended on June 30, 2013, with an option to extend the lease term annually through June 30, 2034. The Academy exercised its option to extend the lease term through June 30, 2014.

The base rent is approximately \$43,000 per month, plus additional rent for common area maintenance, utilities, maintenance and repairs, parking, and other assessments ("Rent Expense").

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 5 – RELATED PARTY TRANSACTIONS (continued)

Rent expense was approximately \$676,000 and \$1,087,000 for the years ended June 30, 2013 and 2012, respectively, and is included under the caption “Operation of Plant” reflected in the statements of activities.

During the years ended June 30, 2013 and 2012, the Landlord forgave rent due from the Academy for approximately \$166,000 and \$701,000, respectively. These amounts are included in the special purpose financial statements under the caption ‘Contributions’ reflected in the statements of activities.

The Landlord has advised the Academy, that for the 2013-2014 school year, of its intent to defer or forgive the rent and maintenance charge obligations of the Academy, if the Academy's cash flow is such that a deferment or forgiveness of rent or maintenance charges is warranted for its successful continued operation.

Food Service Agreement

The Academy, through its Parent has a food service agreement with the Food Service Provider. Pursuant to the agreement the Food Service Provider is to provide food service to students of the Academy. The agreement expires on August 15, 2015.

During the fiscal years ended June 30, 2013 and 2012, the Academy incurred food costs in the amount of approximately \$14,000 and \$142,000, respectively from the Food Service Provider.

Management Agreement

In July 2011, the Academy, through its Parent entered into a management agreement with the EMO. The agreement was renegotiated on July 15, 2012, as defined in the agreement, the management fee to be paid by the Academy is 5% of all FEFP FTE revenue received by the Academy. The agreement expires on June 30, 2016 and provides for five additional, one-year options.

During the year ended June 30, 2013, the EMO forgave the management fees from the Academy for \$52,000.

The above mentioned related parties are located at 3138 Commodore Plaza, Miami, Florida 33133.

NOTE 6 – RISK MANAGEMENT

Insurance for general liability, property coverage and other risks are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 7 – MIAMI-DADE COUNTY SCHOOLS INVESTIGATION

In September 2011, School Board's Audit and Budget Advisory Committee approved an investigation of the Academy's books and records based on allegations made by the Academy's PTSA Executive Board and several concerned parents of students that attended the Academy. In June 2012, the Miami Dade Public Schools Office of Management and Compliance Audits (the "OMCA") issued their report on the results of the investigation.

The OMCA report raised the issues of conflict of interest and other matters related to the Founder and to the BOD. The Academy's response to these allegations and the report findings is essentially that any conflict of interest was properly disclosed and addressed by the BOD, and that neither the Founder nor the BOD violated any laws or regulations, or engaged in any unethical behavior.

NOTE 8 – LEGAL MATTERS

The Parent, Members of the Academy's BOD, and the Founder are defendants in a legal action for the production of certain public records of the Academy. Management believes the Academy provided the records requested immediately after the legal action was filed. Management of the Academy believes that this legal action will not have a material financial impact on the Academy.

During the year ended June 30, 2013 the Parent and the Landlord have filed a legal action against the Miami Dade County Property Appraiser contesting back property taxes pertaining to the reduction in the charter school exemption amount on the use of the parking lot by the Academy. The back taxes at issue have been paid by the Landlord. The action still exists only for the purpose of recovering the payment of these taxes. The Landlord shall indemnify the Academy and forgive any amounts due as a result of the Property Appraiser reduction of the charter school exemption.

In May 2013, former employees of the Academy employed for a period during the 2011-2012 school year, on an at-will basis, filed a lawsuit against the Parent claiming damages resulting from an employment matter.

As of the issuance of these financial statements, the Parent's legal counsel was unable to assess any potential damages, but, in their opinion, it does not believe that the claims have merit. Management of the Academy believes that this legal action will not have a material financial impact on the Academy.

In the normal course of conducting its operations, the Academy becomes party to various legal actions and proceedings. In the opinion of Management, the

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 8 – LEGAL MATTERS (continued)

ultimate resolution of such legal matters will not have a material financial impact on the Academy.

NOTE 9 – PLANS FOR CONTINUED OPERATIONS

Management believes the following factors will enable the Academy to improve its financial condition for the 2013-2014 school year:

1. Management believes that over the last three years the Academy's Governing Board and Management have improved the Academy's academic and artistic programs. Management believes that the college preparatory courses that have been developed will be attractive to students and parents for the 2013-2014 school year.
2. Management believes the Academy's academic and artistic programs continue to improve, and that their recruitment program has been successful.
3. Management believes that effective recruitment efforts, coupled with attractive programming in academics and the arts has enabled the Academy to maintain steady enrollment. The Academy educates high school students from grades 9-12 under a charter contract with its Sponsor that allows for up to 500 students. For the 2013-2014 school year the expected enrollment is 425.
4. The approved budget for the 2013-2014 school year reflects a surplus of \$67,175, as a result of the increased enrollment, and additional FEFP per student funding.
5. As mentioned in Note 5, the Landlord has advised the Academy, that for the 2013-2014 school year, of its intent to defer or forgive the rent and maintenance charge obligations of the Academy, if the Academy's cash flow is such that a deferment or forgiveness of rent or maintenance charges is warranted for its successful continued operation.

Management believes that the above factors will enable the Academy to improve its financial condition for the 2013-2014.

ARTURO JORDAN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Directors
Academy of Arts and Minds Charter High School
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Standards issued by the Comptroller General of the United States, the special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy"), which comprise the statement of financial position, and the related statements of activities, and cash flows as of and for the fiscal years ended June 30, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2013. Our report includes a reference to other auditors who audited the financial statements of the Academy, as described in our report on the Academy's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we consider the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
Academy of Arts and Minds Charter High School
(Continued)

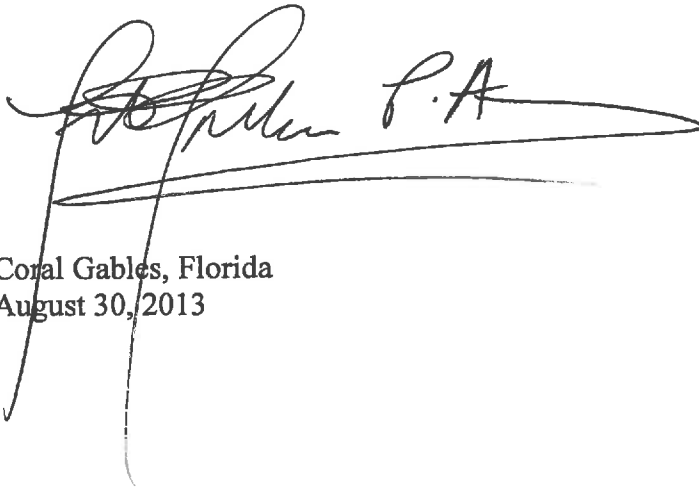
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 special purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Coral Gables, Florida
August 30, 2013

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	___ Yes <u>X</u> No
Significant deficiency identified that is not considered to be material weaknesses?	___ Yes <u>X</u> No
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

NONE

PRIOR YEAR FINDINGS

NONE

ARTURO JORDAN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors
Academy of Arts and Minds Charter High School
Miami, Florida

We have audited the special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy") as of and for the fiscal years ended June 30, 2013 and 2012, and have issued our report thereon dated August 30, 2013. Our report includes a reference to other auditors who audited the financial statements of the Academy, as described in our report on the Academy financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements performed in accordance with Government Auditing Standards. Disclosures in those reports, which are dated August 30, 2013, should be considered in conjunction with this management letter.

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

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings made in the preceding annual financial audit report.

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specified condition met. In connection with our audit, we determined that the Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Board of Directors
Academy of Arts and Minds Charter High School
(Continued)

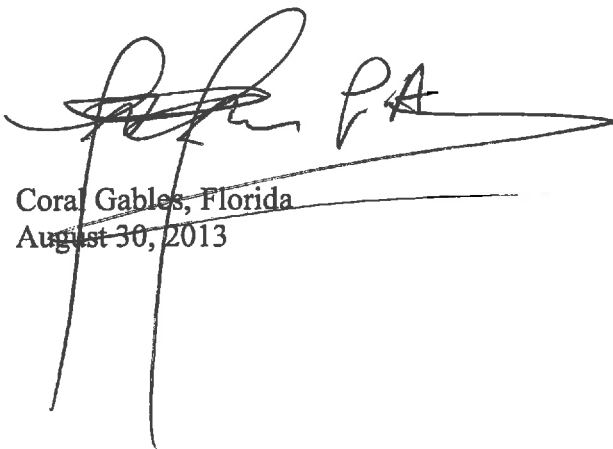
Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audits, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audits, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Academy of Arts and Minds Charter High School.

Pursuant to Section 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be "PA" with a large flourish extending to the right. Below the signature, the text "Coral Gables, Florida" and "August 30, 2013" is printed. A horizontal line is drawn across the text, and a vertical line extends downwards from the signature area.

Coral Gables, Florida
August 30, 2013