



ACTING FOR ALL INC.

academy of arts & minds charter high school

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August 31, 2012

Chris Morgan
Charter School Operations Office
Miami Dade County Public Schools
1450 N.E. 2nd. Avenue
Eighth Floor
Miami, Florida 33132

Re: Annual Independent Audit Report and Statement – 2011-2012
Academy of Arts & Minds High School - 7022

Dear Mr. Morgan:

This will serve to confirm that as of the date of this letter, two (2) original bound sets of the Annual Independent Audit Report and Statement, prepared for the Academy of Arts & Minds High School for the 2011-2012 fiscal year by Jordan, Castellon, Ricardo, Certified Public Accountants have been mailed to the State Auditor General and six (6) original sets have been hand delivered to the Charter School Operations Office of Miami Dade County Public Schools. A copy is attached.

If you have any questions regarding the report please feel free to contact me or Jorge Suarez, the school's director.

Sincerely,

Acting For All Inc.
d/b/a Academy of Arts & Minds Charter High School

Ruth C. Montaner
Chairperson,
Governing Board

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS

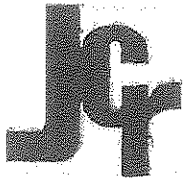
FOR THE YEARS ENDED

JUNE 30, 2012 AND 2011

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

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Jordan Castellon Ricardo P.L.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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") as of and for the fiscal years ended June 30, 2012 and 2011, as listed in the table of contents. These special purpose financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audits.

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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, 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.

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, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with special purpose financial statements as required by the Miami-Dade County Public Schools.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2012, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

August 30, 2012

Certified Public Accountants & Consultants
A Partnership of Professional Associations



ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Cash	\$ 18,247	\$ 185,640
Accounts receivable:		
Due from Miami-Dade County School Board – State of Florida Capital Outlay Distribution	-	20,437
Contribution receivable	49,800	70,059
Security deposit	24,000	24,000
Net property and equipment	<u>65,027</u>	<u>37,587</u>
 TOTAL ASSETS	 <u>\$ 157,074</u>	 <u>\$ 337,723</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>\$ 57,533</u>	<u>\$ 149,740</u>
 TOTAL LIABILITIES	 57,533	 149,740
 NET ASSETS		
Unrestricted	<u>99,541</u>	<u>187,983</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 157,074</u>	 <u>\$ 337,723</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES		
Governmental funding – Federal, State and Local	\$ 2,551,143	\$ 3,042,230
Other local sources	72,512	200,410
Contributions	866,523	412,156
TOTAL SUPPORT AND REVENUES	<u>3,490,178</u>	<u>3,654,796</u>
EXPENSES		
Instruction	1,385,367	1,486,220
Pupil personnel services	71,333	82,969
Instructional media service and curriculum development	1,105	113
Board	43,021	19,788
School administration	428,488	356,704
Fiscal services	19,328	17,969
Central services	93,209	76,970
Operation of plant	1,316,841	1,188,837
Food services	142,162	141,364
Depreciation and amortization	13,094	18,509
Student activities	64,672	181,108
TOTAL EXPENSES	<u>3,578,620</u>	<u>3,570,551</u>
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(88,442)	84,245
NET ASSETS, BEGINNING OF YEAR	<u>187,983</u>	<u>103,738</u>
NET ASSETS, END OF YEAR	<u>\$ 99,541</u>	<u>\$ 187,983</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in unrestricted net assets	<u>\$ (88,442)</u>	<u>\$ 84,245</u>
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Non-cash contribution of computer equipment	(8,000)	(12,819)
Depreciation and amortization	13,094	18,509
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	20,437	(20,437)
Decrease (increase) in contribution receivable	20,259	(20,259)
(Decrease) increase in accounts payable and accrued expenses	<u>(92,207)</u>	<u>70,243</u>
TOTAL ADJUSTMENTS	<u>(46,417)</u>	<u>35,237</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(134,859)	119,482
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(32,534)</u>	<u>(5,524)</u>
NET (DECREASE) INCREASE IN CASH	(167,393)	113,958
CASH, BEGINNING OF YEAR	<u>185,640</u>	<u>71,682</u>
CASH, END OF YEAR	<u>\$ 18,247</u>	<u>\$ 185,640</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash investing and financing activities:

During the years ended June 30, 2012 and 2011, the Academy received a contribution of computer equipment with a value of \$ 8,000 and \$12,819, 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, 2012 AND 2011

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 District 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.

The Academy of Arts & Minds Charter High School provides its students with a solid academic foundation and a well-rounded artistic base in preparation for college, university and/or professional undertakings, developing knowledge and creativity with interaction between the educational and the professional world and an expectation that teachers are learners too. All learners participate through a rich curriculum in academics, and professional presentations of the fine arts deepening knowledge and integrating abilities with a goal of:

- Creating a positive and challenging environment blending academic and arts study to develop artistic and professional aspirations;
- Celebrating the value of the schools diverse population;
- Fostering opportunities for artistic performance and exhibitions in the community;
- Employing a rigorous curriculum driven by research and data;
- Incorporating technology within the curriculum;

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

- Promoting participation as citizens of the world through community service and club activities;
- Preparing to meet the challenges of post-secondary endeavors in a 21st century global society.

Accomplishments

The Academy achieved accreditation from the Southern Association of Colleges and Schools at the end of the second year. The students achieved an A grade in the past 2 years and a B grade the two years before that. The Academy attained the 7th best performance record amongst all high schools in Miami-Dade County and the 56th overall best performance record amongst all high schools in Florida. Finally, because of Academy's detail to finances and management, it is one of few charter schools in the State, to achieve the distinction of "High Performing Charter School," as recognized in February of 2012 by the Florida Department of Education pursuant to Sec. 1002.331 Florida Statutes. The designation bestows upon the Academy a menu of benefits and allows the Parent to open other charters in any Florida district with minimal oversight.

Enrollment and Grade Configuration for the 2011-2012 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	113	Jorge Suarez
Charter High School	10 th	115	
3138 Commodore Landlord	11 th	112	
Coconut Grove, FL 33133	12 th	75	

Board of Directors (Executive Committee)

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

Ruth Montaner, Chairperson - Communications
Cecilia S. Holloman, Board Member - Operations & Management
Percy Aguila, Board Member - Finance
Ignacio Ortiz-Petit, Board Member - Education

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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, 2012 AND 2011

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.

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 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.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

Subsequent Events

Management has evaluated subsequent events through August 30, 2012, the date these special purpose financial statements were available to be issued.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 3 – PROPERTY AND EQUIPMENT

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

	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 114,767	\$ 106,002
Computer equipment and software	44,465	34,190
Audio visual and other equipment	40,750	40,750
Leasehold improvements	21,494	-
	<u>221,476</u>	<u>180,942</u>
Less: Accumulated depreciation and amortization	156,449	143,355
	<u>\$ 65,027</u>	<u>\$ 37,587</u>

Depreciation expense was \$13,094 and \$18,509 for the years ended June 30, 2012 and 2011, 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:

	<u>2012</u>	<u>2011</u>
<u>Governmental Funding – Federal, State and Local</u>		
Miami-Dade County School Board:		
Florida Education Finance Program	\$ 2,264,661	\$ 2,631,800
Florida Teachers Leaders	5,547	6,762
Capital Outlay	215,480	333,615
Florida School Recognition Award	65,455	70,053
TOTAL	<u>2,551,143</u>	<u>3,042,230</u>
<u>Other Local Sources:</u>	72,512	200,410
<u>Other:</u>		
Contributions from third parties (Notes 5 and 6)	<u>866,523</u>	<u>412,156</u>
TOTAL SUPPORT AND REVENUES	<u>\$ 3,490,178</u>	<u>\$ 3,654,796</u>

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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.

During the year ended June 30, 2012 and 2011, the Landlord forgave rent due from the Academy for approximately \$701,000 and \$332,000, respectively. This amount is included in the special purpose financial statements under the caption 'Contributions' reflected in the statements of activities.

The Academy has a lease agreement (described in Note 6) with the Landlord.

During the fiscal years ended June 30, 2012 and 2011, the Academy incurred food costs in the amount of approximately \$142,000 and \$140,000, respectively from the Food Service Provider. Included in accounts payable and accrued expenses at June 30, 2011, of approximately \$29,000 was due to this related entity.

During the year ended June 30, 2012 the Food Service Provider forgave food services due from the Academy for approximately \$72,000. This amount is included in the special purpose financial statements under the caption 'Contributions' reflected in the statements of activities.

The Academy has a contract to provide food service (described in Note 6) with the Food Service Provider.

During the year ended June 30, 2012, the EMO forgave the management fees from the Academy for \$83,000. The Academy has a contract to provide management services (described in Note 6) with the EMO.

The above mentioned related parties are located at 3138 Commodore Landlord, Coconut Grove, Florida 33133.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 6 – COMMITMENTS

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, 2012, 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, 2013.

The base rent is approximately \$74,000 per month, plus additional rent for common area maintenance, utilities, maintenance and repairs, parking, and other assessments (“Rent Expense”).

Rent expense was approximately \$1,087,000 and \$984,000 for the years ended June 30, 2012 and 2011, respectively, and is included under the caption “Operation of Plant” reflected in the statements of activities.

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.

Management Agreement

In July 2011, the Academy, through its Parent entered into a management agreement with the EMO. As defined in the agreement, the management fee to be paid by the Academy is \$200 per student per year. The agreement expires on June 30, 2016 and provides for five additional, one year options.

NOTE 7 – 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, 2012 AND 2011

NOTE 8 – 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.

The OMCA report made several recommendations that the Academy found appropriate and for which it has taken corrective actions.

NOTE 9 – LEGAL ACTION

The Parent and the 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. 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 financial impact on the Academy.

NOTE 10 – SUBSEQUENT EVENTS

In July of 2012, after five years of service, Board Member Ortiz-Petit stepped down as a member of the governing board.

The search for new board members by existing members is always ongoing. Efforts to recruit new board members were stepped up in May of 2011. The BOD reviewed and ranked interested individuals who they felt were qualified to serve as board members and who would uphold the Academy's high standards of performance. This resulted in the BOD recent appointment of three new members who they believe offer excellent qualifications and diversity. One is a parent of a student currently enrolled at the Academy, another one is the parent of an alumni and the other is a member of the community.

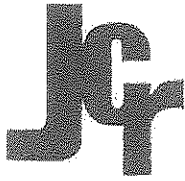
ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 11 – PLANS FOR CONTINUED OPERATIONS

The Academy of Arts and Minds Charter High School commences its ninth year of operation in the 2012-2013 school year. Management believes that through fundraising and careful financial planning the Academy will be able to overcome any difficulties encountered from a reduction of governmental funding for the 2011-12 school year. Government funding has been increased for the 2012-2013 school year. In addition, management believes that improved recruitment, coupled with strong academic and artistic programs will continue to produce strong demand for its educational product and continued stable enrollment for the 2012-2013 school year. The Academy's infrastructure can accommodate 500 students, as allowed by its charter. Management believes that the Academy's stable enrollment and its improved fundraising efforts will provide for a stable financial position for the coming school years.



Jordan Castellon Ricardo P.L.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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

Board of Directors
Academy of Arts and Minds Charter High School

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, 2012 and 2011, and have issued our report thereon dated August 30, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Certified Public Accountants & Consultants
A Partnership of Professional Associations




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

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*.

This report is intended solely for the information and use of the Board of Directors, Management, the Auditor General of the State of Florida, and the Miami-Dade County School Board, and is not intended to be and should not be used by anyone other than these specified parties.


Coral Gables, Florida
August 30, 2012

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes No

Significant deficiency identified that is not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

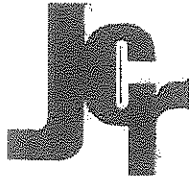
SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

NONE

PRIOR YEAR FINDINGS

NONE



Jordan Castellon Ricardo P.L.

MANAGEMENT LETTER IN ACCORDANCE WITH SECTION 10.850,
RULES OF THE AUDITOR GENERAL OF THE STATE OF 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, 2012 and 2011, and have issued our report thereon dated August 30, 2012. 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 Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, which is dated August 30, 2012, and 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)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 violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audits, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audits, we did not have any such findings.

Certified Public Accountants & Consultants
A Partnership of Professional Associations




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

Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Academy of Arts and Minds Charter High School.

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

Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), 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.

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



Jordan Castellon Ricardo P.L.
Coral Gables, Florida
August 30, 2012