

EARLY BEGINNINGS ACADEMY - CIVIC  
CENTER (A Charter School)

SPECIAL PURPOSE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2012 AND 2011

EARLY BEGINNINGS ACADEMY - CIVIC CENTER

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Special Purpose Financial Statements	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14
MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	16



**MENENDEZ, CPA, P.A.**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

We have audited the accompanying special purpose financial statements of Early Beginnings Academy - Civic Center (the School) as of and for the years ended June 30, 2012 and 2011 as listed in the table of contents. These special purpose financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these special purpose 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 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 audit provides a reasonable basis for our opinion.

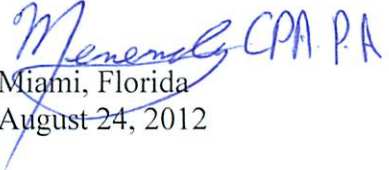
As explained in Note 1 to the special purpose financial statements, the financial statements being presented is only for the School referred to above, which is a program of United Cerebral Palsy of South Florida Charter Schools, Inc. The special purpose financial statements do not include the statements of financial position, activities and changes in net assets and cash flows of United Cerebral Palsy of South Florida Charter Schools, Inc. (a not-for-profit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of United Cerebral Palsy of South Florida Charter Schools, Inc. as of June 30, 2012 and 2011 or its results of operations and cash flows for the 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 School as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

19620 Pines Blvd, Suite 224  
Pembroke Pines, FL 33029  
Telephone: (954) 442-7229  
Fax: (954) 431-5852  
E-Mail: mmcpa@bellsouth.net

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012 on our consideration of the School's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
Miami, Florida  
August 24, 2012

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 25,932	\$ 137,733
Due from Miami-Dade County School Board		
State of Florida Capital Outlay	-	4,290
Due from United Cerebral Palsy Association of Miami, Inc.	96,112	29,389
Prepaid expenses	4,254	2,564
<b>TOTAL CURRENT ASSETS</b>	<b>126,298</b>	<b>173,976</b>
PROPERTY AND EQUIPMENT, net	16,387	27,278
<b>TOTAL ASSETS</b>	<b>\$ 142,685</b>	<b>\$ 201,254</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 4,407	\$ 8,392
Payroll related liabilities	1,729	60,746
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,136</b>	<b>69,138</b>
<b>NET ASSETS</b>		
Unrestricted net assets	136,549	132,116
<b>TOTAL NET ASSETS</b>	<b>136,549</b>	<b>132,116</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 142,685</b>	<b>\$ 201,254</b>

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

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
School Board of Miami-Dade County		
FTE Funding	\$ 1,997,495	\$ 2,158,843
Capital Outlay Funding	50,280	56,899
Other	19,746	-
	<b>2,067,521</b>	<b>2,215,742</b>
Net assets released from restrictions - satisfaction of temporary restriction	-	2,426
TOTAL REVENUES	<b>2,067,521</b>	<b>2,218,168</b>
EXPENSES		
Exceptional student instruction	947,424	911,070
Pupil personnel services	308,726	376,451
Instructional media services	-	55
Instructional and curriculum development services	9,242	1,785
Instructional staff training services	-	1,035
Board	24,031	24,401
School administration	363,959	365,578
Fiscal services	56,580	120,205
Food services	21,009	21,661
Central services	9,298	9,302
Pupil transportation services	206,229	209,406
Operation of plant	105,699	155,304
Depreciation	10,891	12,834
TOTAL EXPENSES	<b>2,063,088</b>	<b>2,209,087</b>
INCREASE IN UNRESTRICTED NET ASSETS	<b>4,433</b>	<b>9,081</b>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	-	(2,426)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	(2,426)
TOTAL INCREASE IN NET ASSETS	<b>4,433</b>	<b>6,655</b>
NET ASSETS AT BEGINNING OF YEAR	<b>132,116</b>	125,461
NET ASSETS AT END OF YEAR	<b>\$ 136,549</b>	<b>\$ 132,116</b>

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

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 4,433	\$ 6,655
Adjustment to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,891	12,834
(Increase) decrease in:		
Due from Miami-Dade County School Board		
State of Florida Capital Outlay	4,290	1,147
Prepaid expenses	(1,690)	(2,371)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,985)	(904)
Payroll related liabilities	(59,017)	(473)
<b>TOTAL ADJUSTMENTS</b>	<b>(49,511)</b>	<b>10,233</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(45,078)</b>	<b>16,888</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in balance due to/from United Cerebral Palsy Association of Miami, Inc.	(66,723)	(198,704)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(66,723)</b>	<b>(198,704)</b>
<b>NET DECREASE IN CASH</b>	<b>(111,801)</b>	<b>(181,816)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>137,733</b>	<b>319,549</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 25,932</b>	<b>\$ 137,733</b>

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

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 1 NATURE OF ACTIVITIES**

**Nature of Activities**

United Cerebral Palsy of South Florida Charter Schools, Inc. (the Organization) is a non-profit organization incorporated under the laws of the State of Florida to provide educational and support services to developmentally disabled children and adolescents ages birth through 22 years; be a community resource for children and adolescents with developmental disabilities; and provide daycare, after school and other related services to children and adolescents of the community, including operating charter schools organized pursuant to Section 228.065 of the Florida Statutes (2001).

On November 17, 2004, the School Board of Miami-Dade County, Florida (the School Board) approved the applications submitted by the Board of Directors of United Cerebral Palsy of South Florida Charter Schools, Inc. for the creation of the Early Beginnings Academy - Civic Center (the School) and the Early Beginnings Academy North Shore Charter School (EBA North Shore). The charter school contract for the School was amended on May 16, 2007 consolidating the operation of the School and EBA North Shore effective for the school year 2007-2008 and providing for operation of the School at three locations (Civic Center, North Shore and Hialeah) serving special education students grades Pre-K to 1<sup>st</sup> grade. The overall maximum enrollment capacity of the School was increased from 80 students to 150 students.

The charter for the School was executed on April 14, 2005 and is effective for a period of 5 years commencing on the first day of the 2005-2006 school years, and ending on June 30, 2010. The charter may be renewed for up to an additional fifteen (15) years by mutual written agreement between the School 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 School in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e), Florida Statutes (2001), the charter school contract provides that in the event the School 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 charter for the school was renewed on May 13, 2010 by the School Board for an additional five year period, commencing on the first day of the 2010-2011 school year and ending on June 30, 2015.

The School is accounted for as a program of the Organization. The governing body of the School is the Organization's Board of Directors.

**Board of Directors**

The Board of Directors of United Cerebral Palsy of South Florida Charter Schools, Inc. consists of the following members:

Roy R. Lustig	Chairperson/President
Jack Schillinger	Vice-Chairperson/Treasurer
Anne Steinhart	Secretary
Marianne Bennett	Member
Jeremy Steinhart	Member



**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 1 NATURE OF ACTIVITIES (Continued)**

**School Location and Enrollment**

<u>School Name and Addresses</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enroll- ment</u>	<u>School Principal</u>
Early Beginnings Academy Civic Center	4070	Pre-K, K & 1 <sup>st</sup>	155	Barbara Penkosky
Location at Civic Center: 1411 N.W. 14th Avenue Miami, Florida 33125				
Location at North Shore: 985 N.W. 91 <sup>st</sup> Street Miami, Florida 33150				
Location at Hialeah: 2700 West 81 <sup>st</sup> Street Hialeah, Florida 33016				

**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 the State of Florida Department of Education. The special purpose financial statements present the financial position, activities, net assets and cash flows for the Early Beginnings Academy - Civic Center only and do not include the assets, liabilities, net assets and statements of activities and cash flows of United Cerebral Palsy of South Florida Charter Schools, Inc.

For financial reporting purposes, Early Beginnings Academy - Civic Center is a program of United Cerebral Palsy of South Florida Charter Schools, Inc. and is included in the Organization's annual financial statements.

**Classification of Net Assets**

Activities of the School are recorded in its Statements of Financial Position and Activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, short-term marketable investments purchased with an original maturity date of three months or less are considered to be cash equivalents.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. However,

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 2 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions (Continued)**

donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**Accounts Receivable**

The School uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on management analysis of possible bad debts. As of June 30, 2012 and 2011, there was no allowance for doubtful accounts.

**Property and Equipment**

Property and equipment are recorded at cost, except for donated assets which are recorded at their estimated fair value at the date of donation. The straight-line method is used to provide for depreciation over three to ten year estimated useful lives of the assets. The School capitalizes assets with a cost greater than \$1,000 and a useful life greater than one year. Maintenance and repairs are expensed as incurred; replacements and improvements are capitalized.

**Due to/from United Cerebral Palsy Association of Miami, Inc.**

United Cerebral Palsy of South Florida Charter Schools, Inc. and United Cerebral Palsy Association of Miami, Inc. (UCPM) are considered to be related parties for financial statement reporting purposes. The amounts due to/from UCPM represents funds advanced or received between the School and UCPM (see note 6).

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

**Revenue Sources**

Student funding is provided by the State of Florida Department of Education (FDOE) through the School Board of Miami-Dade County, Florida. In accordance with the charter agreement, the School Board retains five percent as an administrative fee. This funding is received on a pro-rata basis over the twelve month period based on the student attendance reported by the school during the designated Full-Time Equivalent (FTE) survey periods.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 2 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Sources (Continued)**

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 School has complied. The School receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted and approved by various granting agencies. For federal awards which require incurring eligible expenditures, revenue is recognized to the extent eligible expenditures have been incurred.

**Impairment of Long Lived Assets**

Long lived assets held and used by the School are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The School evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset to future net undiscounted cash flows to be generated by the asset. If an asset is considered to be impaired, the impairment to be recognized is equal to the amount by which the carrying amount of the asset exceeds the asset's fair value calculated using a discounted future cash flows analysis or market comparables. Assets held for sale, if any, are reported at the lower of the carrying amount or fair value less cost to sell.

**Credit Risk**

Financial instruments which potentially subject the School to concentration of credit risk consist principally of cash and accounts receivable. The School maintains its cash in bank deposit accounts which, at times, may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits up to \$250,000. The School has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

**Reclassifications**

Certain reclassifications have been made to the 2011 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 3 TAX STATUS**

The Organization, and therefore the School, is a non-profit organization exempt from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code and has been classified as a public charity. The School's activities have been in furtherance of the Organization's tax-exempt purpose and there is no unrelated business income subject to taxation.

**Note 4 PROPERTY AND EQUIPMENT**

For the years ended June 30, 2012 and 2011, the School's property and equipment consisted of the following:

	2012	2011
Furniture and equipment	\$ 189,118	\$ 189,118
Less: Accumulated depreciation	172,731	161,840
	\$ 16,387	\$ 27,278

Depreciation expense for the years ended June 30, 2012 and 2011 was \$10,891 and \$12,834, respectively.

Upon non-renewal or termination of the School's contract with the School Board, any property, improvements, furnishings and equipment purchased with public funds shall automatically revert to the School Board. As of June 30, 2012, the cost and the net book value of property and equipment purchased with public funds was \$174,771 and \$14,519, respectively.

**Note 5 EMPLOYEE BENEFIT PLAN**

The School has a 403(b) retirement plan. Under 403(b), the employees may contribute up to 100 percent of their annual compensation, subject to certain statutory limitations. The School matches employee contributions at 50 percent up to 6 percent of the employees' contribution. The School's contributions to the 403(b) vest ratably over two to six years of service as specified in the plan. For the years ended June 30, 2012 and 2011, the School's cost under the retirement plan was approximately \$4,334 and \$3,599 respectively.

The plan is held in a trust for the exclusive benefit of the participants and their beneficiaries; consequently, the School has no fiduciary responsibility and the net assets of the plan are not included in the School's special purpose financial statements.

**Note 6 RELATED PARTY TRANSACTIONS**

Because of the existence of common members on the board of directors and other factors, United Cerebral Palsy of South Florida Charter Schools, Inc. and United Cerebral Palsy Association of Miami, Inc. (UCPM) are considered to be related parties for financial statement reporting purposes. UCPM is tax-exempt not-for-profit corporation who provides services to the developmentally disabled and the handicapped. UCPM provides to the School managerial, administrative, accounting and other related services, general liability and property insurance coverage, educational leadership services, funds for start up costs and working capital, and leases classroom space and facilities to the School.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 6 RELATED PARTY TRANSACTIONS (Continued)**

For the years ended June 30, 2012 and 2011, the agreement between UCPM and the School for administrative and educational leadership services was based on a fee of 5.54 and 13.44 percent of the FTE revenue from the School Board. The fees paid to UCPM for administrative and educational leadership services for the years ended June 30, 2012 and 2011 was \$55,439 and \$171,556, respectively.

In addition, the agreement provides for the following services:

Purchased support services and classroom personnel: Reimbursement for services provided by UCPM staff are based on an allocation of total time spent on service to the School for identified positions based on their salary and benefits.

Therapy services: For therapy services provided to non-Medicaid eligible students, UCPM bills the School based on the Medicaid rate.

Transportation: UCPM provides transportation services, including coordination and supervision of all transportation services to the School. The charges for these services are based on an allocation methodology as approved in the annual budget.

The fees for these services from UCPM for the years ended June 30, 2012 and 2011 was \$755,618 and \$833,704, respectively.

UCPM's central office is located at 2700 West 81<sup>st</sup> Street, Hialeah, Florida and its main program facility is located at 1411 N.W. 14<sup>th</sup> Street, Miami, Florida.

UCPM's Board of Directors is as follows:

Norman Bonchick	Chairperson
Richard Rangel	Vice-Chairperson /Secretary
Craig Steinhart	Treasurer
Jack Schillinger	Chairperson Emeritus

The School leases its classroom facilities from UCPM. The lease for each location is through the period ending June 30, 2013, with options to renew for two five-year periods. Annual increase in rent shall not exceed 7.5%.

For the years ended June 30, 2012 and 2011, the rent expense for the School by location was as follows:

	<u>2012</u>	<u>2011</u>
Civic Center	\$ 41,407	\$ 68,808
North Shore	34,169	45,864
Hialeah	<u>26,642</u>	<u>40,632</u>
	<u>\$ 102,218</u>	<u>\$ 155,304</u>

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 6 RELATED PARTY TRANSACTIONS (Continued)**

The minimum future lease payments for the School by location are as follows:

	Civic Center	North Shore	Hialeah
2013	72,248	63,958	59,951

During 2012, UCPM contributed approximately \$130,000 of its services to the School. The contribution was used to reduced administrative and classroom facilities fees by approximately \$61,000 and \$69,000, respectively.

**Note 7 ECONOMIC DEPENDENCE**

For the year ended June 30, 2012, revenues for program services from the School Board represented 100% of the School’s total program revenues. The School’s ability to continue operating and to provide program services is predicated on the School Board’s continued support and funding of its programs. If a significant reduction were to occur, it would have an adverse effect on the School’s ability to continue operating the programs and services being provided.

**Note 8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Statement of Financial Accounting Standard (“SFAS”) No.157, “*Fair Value Measurement*” (“*SFAS 157*”), which has been codified into FASB ASC Paragraph 820-10, emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participants assumptions in fair value measurements, FASB ASC Paragraph 820-10, establishes a fair value hierarchy that distinguishes between observable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

In determining fair value, the School utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**Note 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

The following fair value hierarchy table presents information about each major category of the School's financial assets measured at fair value on a recurring basis as of June 30, 2012:

<u>Level 1</u>	<u>Cost</u>	<u>Fair Value</u>
Financial assets:		
Cash and Cash Equivalents	25,932	25,932

**Note 9 SUBSEQUENT EVENTS**

The Organization board of directors approved the closing of the Hialeah location to be effective for the 2012-2013 school year, however, the school may be re opened at a later date.

Subsequent events were evaluated through August 24, 2012, which is the date the financial statements were available to be issued.



MENENDEZ, CPA, P.A.  
Certified Public Accountants

**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 of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

We have audited the special purpose financial statements of Early Beginnings Academy - Civic Center (the School) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 24, 2012. 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

Management of the School is responsible for establishing and maintaining effective internal controls 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 opinion on the special purpose 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.

*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.

19620 Pines Blvd, Suite 224  
Pembroke Pines, FL 33029  
Telephone: (954) 442-7229  
Fax: (954) 431-5852  
E-Mail: [nmcpcpa@bellsouth.net](mailto:nmcpcpa@bellsouth.net)

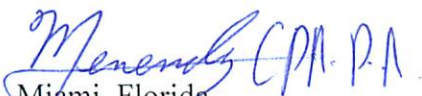


To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

Compliance and Other Matters

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

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

  
Miami, Florida  
August 24, 2012



MENENDEZ, CPA, P.A.  
Certified Public Accountants

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

We have audited the special purpose financial statements of the Early Beginnings Academy - Civic Center (the School) as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 24, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 24, 2012, and should be considered in conjunction with this management letter.

Additionally, our audit of the special purpose financial statements of the School 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 auditor's reports:

- 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 or recommendations made in the preceding annual financial audit report and accordingly, no corrective actions were necessary.
- 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 audit, 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 occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, 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) Deficiencies in internal controls that are not significant deficiencies. In connection with our audit, we did not have any such findings.

19620 Pines Blvd, Suite 224  
Lombard, FL 33029  
Telephone: (954) 442-7229  
Fax: (954) 431-5852  
E-Mail: mmcpa@bellsouth.net

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

- 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 Early Beginnings Academy - Civic Center.
- 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 audit, we determined that the Early Beginnings Academy - Civic Center did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)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 Early Beginnings Academy - Civic Center'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 solely for the information and use of management, the Florida Auditor General and the School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

  
Miami, Florida  
August 24, 2012