

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
MIAMI-DADE COUNTY, FLORIDA)
HIALEAH, FLORIDA**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2012

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
(A COMPONENT UNIT OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA)
BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION
JUNE 30, 2012

TABLE OF CONTENTS

	PAGES
General Information.....	1
BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report.....	2-3
Management's Discussion and Analysis (not covered by Independent Auditors' Report).....	4-8
Basic Financial Statements	
<i>Government-Wide Financial Statement:</i>	
Statement of Net Assets.....	9
Statement of Activities.....	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	14
<i>Notes to Basic Financial Statements</i>	15-21
Required Supplemental Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	22
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special and Capital Projects Fund.....	23
<i>Note to Required Supplemental Information</i>	24
Independent Auditors' 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>	25-26
Management Letter.....	27-28

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
(A Charter School Under Excelsior Academies, Inc.)

600 West 20th Street
Hialeah, FL 33010
(305) 888-8359

BOARD OF DIRECTORS

Ms. Claudia Trilles, Chair
Ms. Dulce More
Ms. Lilianne Morales
Ms. Maydelin Beceiro

SCHOOL ADMINISTRATION

Ms. Brenda Cruz, Principal

INDEPENDENT AUDITORS' REPORT

Board of Directors

Excelsior Academy Charter High School

(A Component Unit of the School Board of Miami-Dade County, Florida)

Hialeah, Florida

YESUE CASTRO, C.P.A.

VIVIAN M. GANT, C.P.A.

MARIA C. PEREZ-ABREU, C.P.A.

RICHARD F. PUERTO, C.P.A.

OCTAVIO F. VERDEJA, C.P.A.

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Excelsior Academy Charter High School (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Excelsior Academy Charter High School, a component unit of the District School Board of Miami-Dade County, Florida, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and pages 22 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Verdeja & DeArmas, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2012

Management's Discussion and Analysis
Excelsior Academy Charter High School
June 30, 2012

The corporate officers of Excelsior Academy Charter High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2012 by \$53,939 (net assets).
2. At year-end, the School had current assets on hand of \$315,765.
3. The net assets of the School increased by \$41,609 during its second year of operations.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2012 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *government-wide financial statements* can be found on pages 9-10 of this report.

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15-21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$53,939 at the close of the fiscal year.

A summary of the School's net assets as of June 30, 2012 and follows:

Assets	<u>2012</u>	<u>2011</u>
Cash	\$ 315,765	\$ 19,319
Capital assets, net	159,623	6,101
Total Assets	<u>\$ 475,388</u>	<u>\$ 25,420</u>
Liabilities and Net Assets		
Accounts and wages payable and accrued liabilities	\$ 308,359	\$ -
Loan payable - long-term	113,090	13,090
Total Liabilities	<u>421,449</u>	<u>\$ 13,090</u>
Invested in capital assets, net of related debt	46,533	6,101
Unrestricted	7,406	6,229
Total Net Assets	<u>53,939</u>	<u>\$ 12,330</u>
Total Liabilities and Net Assets	<u>\$ 475,388</u>	<u>\$ 25,420</u>

At June 30, 2012, the School's total assets were approximately \$475,000 and total liabilities were approximately \$421,000. This fiscal year was the second year of operations for the School. The School's assets increased primarily due to the purchases of fixed assets and with a Federal Implementation Grant. The School's liabilities increased primarily due to payments due to Excelsior Language Academy of Hialeah Charter School (the "Academy") for the use of instructional classroom space, equipment and facilities. The School currently shares the same facilities with the Academy. At the end of the fiscal year, the School is able to report a positive balance in the category of net assets with a net increase of \$53,939 for the year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2012 and follows:

REVENUES	<u>2012</u>	<u>2011</u>
Program Revenues		
Operating grants & contributions	\$ 160,130	\$ 23,948
Capital grants & contributions	33,071	-
Charges for services	-	4,031
General Revenues		
Grants & contributions	349,174	184,539
Fundraising & other revenue	-	10
Total Revenues	<u>\$ 542,375</u>	<u>\$ 212,528</u>
EXPENSES		
Instructional services	\$ 237,278	\$ 69,832
Instructional staff training services	-	8,616
Board	6,700	-
School administration	122,840	64,146
Fiscal services	10,025	4,425
Central services	9,175	4,680
Operation of plant	114,748	48,499
Total Expenses	<u>\$ 500,766</u>	<u>\$ 200,198</u>
Change in Net Assets	41,609	12,330
Net Assets at Beginning of Year	<u>12,330</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 53,939</u>	<u>\$ 12,330</u>

The School's total revenues for the year ended June 30, 2012 were approximately \$542,000 while its total expenses were approximately \$500,000 for a net increase of approximately \$42,000. This was the School's second year of operations and they had an increase in the number of students which was the primary reason for the increase in revenues. In addition, the School received a Planning and Design Implementation Grant in the amount of \$150,000. Total expenses increased by approximately \$300,000 due primarily to increased use of the facilities shared with the Academy. The School pays the Academy a portion of the rent, utilities and other expenses based on a student allocation. Due to the School's increased students, these expenses also increased.

ACCOMPLISHMENTS

In 2012, Excelsior Academy High School completed its 2nd year of operations, increasing enrollment to 64 students. This past year, the School's students participated in various community service projects (Thanksgiving Food Drive, Hialeah Youth Eggstravaganza, and the City of Hialeah Holiday Toy Drive), as well as school-based fundraisers (Scholastic Book Fair, Charleston Wrap Fundraiser, Box Tops, Miami Heat Court of Dreams, and Miami Marlins Game). Students also participated in school-based musical productions, including the Holiday Show, Talent Show, Winter Music Show, and Univision-Channel 23 "El Club de Los Libros."

Students had the opportunity to start preparing for their future college experience by visiting St. Thomas University. They also participated in various clubs and sports throughout the year, including Student Council, Cheerleading, National Honor Society, UM Cheerleading Camp, Volleyball, Basketball, Football, and Soccer. They were recognized for various accomplishments in sports, including:

- J.V. Volleyball (Champions)
- Volleyball (3rd Place)

- J.V. Soccer (2nd Place)
- Varsity Soccer (2nd Place)
- J.V. Basketball (Playoffs)
- Girls Basketball (Champions)
- Varsity Football (2nd Place)

The mission of the School is to foster pride in academic achievement while developing students ability in the Spanish language. We believe in the acquisition of linguistics and cultural skills as an interval part of education and that language learning is best acquired in the elementary grades. We celebrate all of our diverse cultures and backgrounds with the vision that students can become respectful, responsible, trustworthy and productive members of their school, their communities, their nation and the world.

SCHOOL LOCATION

The School operates in the city of Hialeah and shares a facility with Excelsior Language Academy of Hialeah Charter School located at 600 West 20th Street, Hialeah, FL 33010.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balance of \$7,406 and a decrease of \$11,913 for its second year of operations.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2012, amounts to \$159,623 (net of accumulated depreciation). This investment in capital assets includes mainly furniture and equipment.

LOAN PAYABLE

In June 2012, the School entered into a promissory note payable in the amount of \$100,000 to be used to help the cash flow of the School. The School entered into a promissory note during the June 30, 2011 fiscal year in the amount of \$13,090. The total amount outstanding under these loan payables is \$113,090. The loans mature 3 years from the date the money was advanced. The loans are non-interest bearing.

GENERAL FUND BUDGET ABALYSIS AND HIGHLIGHTS

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

	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 468,402	\$ 500,298	\$ 500,472
Capital outlay funding and other grants	25,515	33,071	33,071
Federal passed through state	5,000	8,832	8,832
TOTAL REVENUES	<u>\$ 498,917</u>	<u>\$ 542,201</u>	<u>\$ 542,375</u>
EXPENDITURES			
Instructional services	\$ 305,000	\$ 358,130	\$ 357,729
School board	7,000	6,700	6,700
School administration	100,000	123,000	122,840
Fiscal services	12,000	10,250	10,025
Central services	10,000	9,200	9,175
Operation of plant	147,906	148,071	147,819
TOTAL EXPENDITURES	<u>\$ 581,906</u>	<u>\$ 655,351</u>	<u>\$ 654,288</u>
Change in fund balance before other financing sources	(82,989)	(113,150)	(111,913)
Other financing sources	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	<u>\$ (82,989)</u>	<u>\$ (13,150)</u>	<u>\$ (11,913)</u>

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Ana Martinez of Academica Dade, LLC located at 6340 Sunset Drive, Miami, Florida 33143.

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2012

		<u>Governmental Activities</u>
		<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		\$ 315,765
TOTAL CURRENT ASSETS		<u>315,765</u>
CAPITAL ASSETS		
Furniture, fixtures and equipment		157,471
Less accumulated depreciation		(19,173)
Computer software		21,958
Less accumulated depreciation		(633)
TOTAL CAPITAL ASSETS, NET		<u>159,623</u>
TOTAL ASSETS		<u>\$ 475,388</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities		\$ 308,359
TOTAL CURRENT LIABILITIES		<u>308,359</u>
Line of credit		113,090
TOTAL LIABILITIES		<u>421,449</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in capital assets, net of related debt		46,533
Unrestricted		7,406
TOTAL NET ASSETS		<u>53,939</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 475,388</u>

*254,528
 that payable
 to Excelsior
 Academy checked.
 (OK)*

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

2012					
<u>Functions</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional services	\$ 237,278	\$ -	\$ 160,130	\$ -	\$ (77,148)
School board	6,700	-	-	-	(6,700)
School administration	122,840	-	-	-	(122,840)
Fiscal services	10,025	-	-	-	(10,025)
Central services	9,175	-	-	-	(9,175)
Operation of plant	114,748	-	-	33,071	(81,677)
Total Governmental Activities	\$ 500,766	\$ -	\$ 160,130	\$ 33,071	\$ (307,565)
GENERAL REVENUES:					
					\$ 349,174
					349,174
					41,609
					12,330
					\$ 53,939

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2012**

	2012
	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 315,765
TOTAL ASSETS	<u>\$ 315,765</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 308,359
TOTAL LIABILITIES	<u>\$ 308,359</u>
FUND BALANCE	
Unassigned	\$ 7,406
TOTAL FUND BALANCE	<u>\$ 7,406</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 315,765</u>

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

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balance - Governmental Funds \$ 7,406

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

Capital assets of \$179,429, net of accumulated depreciation of \$19,806 used in governmental activities are not financial resources and therefore are not reported in the fund. 159,623

Long-term liabilities of \$113,090 are not due and payable in the current period and therefore, are not reported in the funds. (113,090)

Total Net Assets - Governmental Activities \$ 53,939

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	2012			Total Governmental Funds
	Governmental Funds	Special Revenue Fund	Capital Projects Fund	
REVENUES				
State passed through local	\$ 349,174	\$ 151,298	\$ -	\$ 500,472
State capital outlay funding	-	-	33,071	33,071
Federal passed through state	-	8,832	-	8,832
TOTAL REVENUES	<u>\$ 349,174</u>	<u>\$ 160,130</u>	<u>\$ 33,071</u>	<u>\$ 542,375</u>
EXPENDITURES				
Current:				
Instructional services	\$ 197,599	\$ 20,693	\$ -	\$ 218,292
School board	6,700	-	-	6,700
School administration	122,840	-	-	122,840
Facilities acquisition & construction	-	-	-	-
Fiscal services	10,025	-	-	10,025
Central services	9,175	-	-	9,175
Operation of plant	114,748	-	-	114,748
Capital Outlay:	-			
Instructional services	-	139,437	-	139,437
Operation of plant	-	-	33,071	33,071
TOTAL EXPENDITURES	<u>\$ 461,087</u>	<u>\$ 160,130</u>	<u>\$ 33,071</u>	<u>\$ 654,288</u>
Excess of revenues over expenditures	\$ (111,913)	\$ -	\$ -	\$ (111,913)
OTHER FINANCING SOURCES				
Proceeds from long-term financing	100,000	-	-	100,000
Total other financing sources	100,000	-	-	100,000
Net change in fund balance	(11,913)	-	-	(11,913)
Fund balance at beginning of year	19,319	-	-	19,319
Fund balance at end of year	<u>\$ 7,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,406</u>

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Change in Fund Balance - Governmental Funds \$ (11,913)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$172,508 exceeded depreciation of \$18,986. 153,522

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds of \$100,000 exceeded repayments of \$0 in the current period. (100,000)

Change in Net Assets of Governmental Activities \$ 41,609

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Excelsior Academy Charter High School, (the “School”) a component unit of the District School Board of Miami-Dade County, Florida is sponsored by Miami-Dade County Public Schools. Its charter-holder, Excelsior Academies, Inc. is a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors of Excelsior Academies, Inc. which is comprised of four members.

The general operating authority of Excelsior Academy Charter High School (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2015. 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 School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The current charter may be renewed for a term pursuant to law and/or by mutual written consent of both parties.

These financial statements are for the year ended June 30, 2012, when 64 students were enrolled in the 9th and 10th grade. The charter is for grades 9th through 12th.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants’ Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of the charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “Accounting and Financial Reporting for Non-Exchange Transactions”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts Receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation, and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-Wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There were no restricted net assets for the years ending June 30, 2012.
- Unrestricted – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2012, there is no nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2012, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2012, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2012, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Minimum Fund Balance

As of June 30, 2012, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the “School Board”) pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The School is a division of a nonprofit corporation. The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 31, 2012, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2012:

Capital Assets	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
Furniture, fixtures & equipment	\$ 6,921	\$ 150,550	\$ -	\$ 157,471
Computer software	-	21,958	-	21,958
Total Capital Assets	\$ 6,921	\$ 172,508	\$ -	\$ 179,429
Less Accumulated Depreciation				
Furniture, fixtures & equipment	\$ (820)	\$ (18,353)	\$ -	\$ (19,173)
Computer software	-	(633)	-	(633)
Total Accumulated Depreciation	(820)	(18,986)	-	(19,806)
Capital Assets, net	\$ 6,101	\$ 153,522	\$ -	\$ 159,623

Depreciation expense for the year ended June 30, 2012 was \$18,986 and was charged to instructional services.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The School entered into an agreement in June 2010 with Excelsior Language Academy of Hialeah Charter School (the "Academy") for the use of instructional classroom space, equipment and facilities. In addition to the use of its facilities, the Academy allows the School to use its teachers and other services in exchange for a flat monthly fee based on a student cost allocation ratio. For the year ended June 30, 2012, the amount expensed by the School for the use of the facilities and services was \$413,505. The term of this agreement ends June 30, 2015, however, the agreement may be extended on an annual basis at the option of the School. At June 30, 2012, the School had a payable to the Academy of \$254,528 for services performed.

In addition, the School has entered into a three year agreement with an option to renew with Academica Dade, LLC to provide management services. (See Note 7)

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – LINE OF CREDIT

On June 13, 2011, the School entered into a line of credit promissory note agreement for principal in the amount of \$13,090 with Academica Dade, LLC. The unpaid principal of this advance shall bear annual simple interest at the rate of 0% and it is due on June 13, 2014. The amount has been included in line of credit in the Statement of Net Assets.

On June 30, 2012, the School entered into a line of credit promissory note agreement for principal in the amount of \$100,000 with Academica Dade, LLC. The unpaid principal of this advance shall bear annual simple interest at the rate of 0% and it is due on June 30, 2015. The amount has been included in line of credit in the Statement of Net Assets.

As of June 30, 2012, the balance due to the management company was \$113,090 and is included as a long-term liability on the Statement of Net Assets. The following schedule provides a summary of changes for the year ended June 30, 2012:

	Balance 7/1/2011	Additions	Repayments	Balance 6/30/2012
Line of credit	\$ 13,090	\$ 100,000	\$ -	\$ 113,090

Principal maturities of the line of credit are due as follows:

<u>Year Ended June 30</u>	
2013	\$ -
2014	13,090
2015	100,000
Total	<u>\$ 113,090</u>

NOTE 6 – RELATED PARTIES

Excelsior Language Academy of Hialeah Charter School (the “Academy”) is a separate charter school for students in grades K through 8th. The School uses the Academy’s classroom space, equipment and facilities and pays the Academy a flat monthly fee based on a student cost allocation ratio. (See Note 4)

NOTE 7 – TRANSACTIONS WITH MANAGEMENT COMPANY

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the School’s books and records, bookkeeping and financial reporting. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of the School. The agreement began in July 2010 and it is a three-year contract with an option to renew. The contract calls for a management fee of \$450 per FTE. During the year-ended June 30, 2012, the School incurred management fees of \$28,800. At June 30, 2012, the School had a payable to the management company in the amount of \$24,975 for services performed. In addition, the management company advanced the School monies during the year ended June 30, 2012. (See Note 5)

REQUIRED SUPPLEMENTAL INFORMATION

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 318,402	\$ 349,000	\$ 349,174
TOTAL REVENUES	<u>\$ 318,402</u>	<u>\$ 349,000</u>	<u>\$ 349,174</u>
EXPENDITURES			
Instructional services	\$ 150,000	\$ 198,000	\$ 197,599
School board	7,000	6,700	6,700
School administration	100,000	123,000	122,840
Fiscal services	12,000	10,250	10,025
Central services	10,000	9,200	9,175
Operation of plant	122,391	115,000	114,748
TOTAL EXPENDITURES	<u>\$ 401,391</u>	<u>\$ 462,150</u>	<u>\$ 461,087</u>
Change in fund balance before other financing sources	(82,989)	(113,150)	(111,913)
Other financing sources	-	100,000	100,000
Net change in fund balance	<u>\$ (82,989)</u>	<u>\$ (13,150)</u>	<u>\$ (11,913)</u>

See accompanying note to the required supplemental information.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, federal and state awarding agencies, the State of Florida Office of the Auditor General and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Verdija & DeArmas, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2012

MANAGEMENT LETTER

Board of Directors
Excelsior Academy Charter High School
Hialeah, Florida

We have audited the financial statements of the governmental activities and each major fund of Excelsior Academy Charter High School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated August 31, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, as noted below under the heading "Status of Prior Year Findings and Recommendations"

Status of Prior Year Findings and Recommendations

SD-2011-1: BANK ACCOUNT

During our current year audit procedures, we noted the School properly reconciled its bank accounts.

- 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 findings.

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations 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 audit, we did not have any such violations.
- 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 statement, considering both quantitative and qualitative factors: (1) violations of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- 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 Excelsior Academy 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 audit, we determined that Excelsior Academy Charter High School 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 as of June 30, 2012, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. It is management's responsibility to monitor Excelsior Academy Charter High School'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 management. We applied such procedures and no deteriorating financial conditions have been noted.

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 Excelsior Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, and the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2012