



Miami-Dade County Public Schools

giving our students the world

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October 7, 2008

The Honorable Chair and Members of the
Sandor Wiener School of Opportunity –North Board
20000 NW 47 Avenue, Bldg. 7
Miami Gardens, FL 33055

VIA FACSIMILE & U.S. MAIL
305-623-9621

RE: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008 AND CONDITION OF FINANCIAL EMERGENCY

A review of your audited financial statements for the period ended June 30, 2008, raises concerns that require your immediate attention. Florida Statutes Section 218.503, *Determination of Financial Emergency*, requires you to notify your sponsoring school district if one or more of the conditions as follows have or will occur:

- (a) Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of lack of funds.
- (b) Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of lack of funds.
- (c) Failure to transfer at the appropriate time, due to lack of funds:
 1. Taxes withheld on the income of employees; or
 2. Employer and employee contributions for:
 - a. Federal social security; or
 - b. Any pension, retirement, or benefit plan of an employee.
- (d) Failure for one pay period to pay, due to lack of funds:
 1. Wages and salaries owed to employees; or
 2. Retirement benefits owed to former employees.
- (e) An unreserved or total fund balance or retained earnings deficit, or unrestricted or total net assets deficit for which sufficient resources are not available.

According to your June 30, 2008 audited financial statements, the school has a net assets deficit and an unrestricted net assets deficit of \$66,355 and \$77,831, respectively. There does not appear to be sufficient resources available to cover these deficits. These conditions raise questions about the school's solvency and indicate your charter school meets the statutory definition of financial emergency.

Office of Management and Compliance Audits

• School Board Administration Building • 1450 N.E. 2nd Ave. • Suite 415 • Miami, FL 33132
305-995-1436 • 305-995-1331 (FAX) • www.mca.dadeschools.net

Additionally, your external auditors cited a significant control deficiency related to the posting of year end adjusting journal entries and a management letter finding related to cash disbursements.

Section 218.503(4), Florida Statutes provides that the sponsor contact the charter school governing body to determine what actions have or will be taken to resolve the financial emergency. **This letter serves as the official communication requesting that the governing body of Sandor Wiener School of Opportunity –North provide a financial recovery plan within 30 days, (sooner if possible) as required by F.S. 1002.33(9)(g).**

The plan must address the specific audit findings and must also show how the charter school will meet its current and future obligations and be a financially viable entity within the time period specified. The plan must specify dollar amounts of cost cuts, cost avoidance, and/or realistic revenue projections that will allow the charter school to correct the condition(s) that caused the school to be found in a state of financial emergency. The financial recovery plan must include appropriate supporting documentation. Enclosed is the Florida Department of Education Technical Assistance Paper No. 2007-21 which outlines the comprehensive nature of the required Financial Recovery Plan. Failure to timely submit an adequate and credible recovery plan constitutes good cause to terminate the charter.

Please also note, the Capital Outlay Plan which you have submitted to the District requires our District Finance Officer to certify that the school "has financial stability for future operation as a charter school." We will be unable to approve your capital outlay plan until a satisfactory financial recovery plan has been received.

We plan to present your audited financial statements and recovery plan to the School Board's Audit Committee at its next regularly scheduled meeting: Tuesday, December 2, 2008 in room 916 of the School Board Administration Building, 1450 N.E. 2nd Avenue at 12:30 p.m. It is imperative that a representative from your school attend this meeting to respond to questions that the Audit Committee may have.

Should you have any questions, please call Mr. Trevor L. Williams at 305-995-1328 or Mr. Jon Goodman at 305-995-1323. Thank you in advance for your cooperation.

Sincerely,



Dr. Grace L. Ali, Chief Financial Officer
Financial Operations

Sincerely,



Allen M. Wann, Chief Auditor
Management and Compliance Audits

AMV:la
Attachments

cc:	Mr. Alberto Carvalho	Mr. Michael Bell	Ms. Ellen O. Wright
	Mr. Freddie Woodson	Ms. Melinda McNichols	Ms. Tiffanie Pauline
	Ms. Ofelia San Pedro	Ms. Connie Pou	Ms. Margarita Betancourt
	Mr. Luis Garcia	Ms. Judith Marte	

**SANDOR WIENER SCHOOL
OF OPPORTUNITY, NORTH**
(A COMPONENT UNIT OF THE PUBLIC SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2008

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2008

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BASIC
FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sandor Wiener School of Opportunity, North
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of Sandor Wiener School of Opportunity, North (a component unit of the Public School Board of Miami-Dade County, Florida and a department of Sandor Wiener School of Opportunity, Inc.), as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Sandor Wiener School of Opportunity, North'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 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 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 discussed in Note 1, the financial statements of Sandor Wiener School of Opportunity, North, a department of Sandor Wiener School of Opportunity, Inc., are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the General Fund of Sandor Wiener School of Opportunity, Inc., that is attributable to the transactions of Sandor Wiener School of Opportunity, North. They do not purport to, and do not, present fairly the financial position of Sandor Wiener School of Opportunity, Inc. as of June 30, 2008, and its change in financial position or budgetary comparison, where applicable, for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

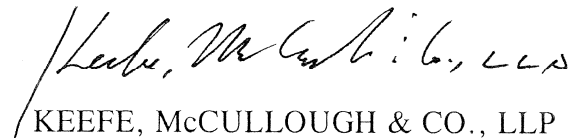
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Sandor Wiener School of Opportunity, North as of June 30, 2008, and the change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sandor Wiener School of Opportunity, North

In accordance with Government Auditing Standards, we have also issued our report dated September 4, 2008 on our consideration of Sandor Wiener School of Opportunity, North's internal control over financial reporting and 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.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the School's basic financial statements. The budgetary comparison schedule - General Fund on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 4, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Our discussion and analysis of Sandor Wiener School of Opportunity, North's (the "School") financial performance provides an overview of the School's financial activities for the years ended June 30, 2008 and 2007. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended June 30, 2008:

- The School's total liabilities exceeded its assets at June 30, 2008 by \$ 66,355, a net assets deficit.
- The School's total revenues were \$ 599,502, \$ 345,744 from FTE revenues, \$ 252,358 from operating grants and contributions, and \$ 1,400 from donations. The School's expenses for the year were \$ 713,526. Net assets decreased by \$ 114,024.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

The government-wide financial statements, which consists of the following two 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 (deficit) presents information on all the School's assets and liabilities, with the difference between the two reported as net assets (deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets (deficit) changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds - governmental funds.

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

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

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

The governmental fund financial statements can be found on pages 10 and 11 of this report.

Notes to basic financial statements:

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 12 through 17 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General Fund adopted budget to actual results. Required supplemental information can be found on page 18 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net assets (deficit) as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS	\$ 90,027	\$ 91,422
NONCURRENT ASSETS	<u>11,476</u>	<u>36,447</u>
Total assets	\$ <u>101,503</u>	\$ <u>127,869</u>
LIABILITIES	\$ <u>167,858</u>	\$ <u>80,200</u>

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

Sandor Wiener School of Opportunity, North
Statements of Net Assets (Deficit)
(continued)

NET ASSETS (DEFICIT):		
Invested in capital assets	11,476	36,448
Unrestricted (deficit)	<u>(77,831)</u>	<u>11,221</u>
Total net assets (deficit)	<u>(66,355)</u>	<u>47,669</u>
Total liabilities and net assets (deficit)	\$ <u>101,503</u>	\$ <u>127,869</u>

A portion of the School's net assets (deficit) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets (if any). The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2008 and 2007, the School had no restricted assets.

As reflected below, net assets (deficit) decreased \$ 114,024 as summarized in the following table:

Sandor Wiener School of Opportunity, North Statements of Changes in Net Assets (Deficit)		
	<u>2008</u>	<u>2007</u>
REVENUES:		
General revenues	\$ 347,144	\$ 312,087
Program revenues:		
Operating grants and contributions	<u>252,358</u>	<u>372,964</u>
Total revenues	<u>599,502</u>	<u>685,051</u>
EXPENSES:		
Instruction	519,885	505,790
Operation of facility	90,695	88,033
Pupil transportation services	47,350	44,213
Administration	28,388	91,258
Fiscal services	27,208	15,531
Board	<u>--</u>	<u>14,288</u>
Total expenses	<u>713,526</u>	<u>759,113</u>
Changes in net assets(deficit)	(114,024)	(74,062)
NET ASSETS, beginning of year	<u>47,669</u>	<u>121,731</u>
NET ASSETS (DEFICIT), end of year	\$ <u>(66,355)</u>	\$ <u>47,669</u>

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

At the beginning of the year, Sandor Wiener School of Opportunity, South separated from the original school which is now called Sandor Wiener School of Opportunity, North which accounts for the reduction in revenues and related expenses.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUND

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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, unreserved fund balance (deficit) may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the year 2008, the School's governmental fund reported a deficit fund balance of \$ 77,831.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the June 30, 2008 budget and revenues and expenditures were both under the adopted budget for the year. School revenues and resultant expenditures were lower than expected due to a decrease in the number of students originally budgeted for. The School was originally budgeted for twenty-five students and only nineteen were enrolled during the year.

CAPITAL ASSET ADMINISTRATION

The School's investment in capital assets as of June 30, 2008 amounts to \$ 11,476 net of accumulated depreciation. This investment in capital assets is composed of furniture and equipment and computer equipment. A more detailed analysis is provided in Note 5 on page 15.

ECONOMIC FACTORS

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2008/2009 include:

- Continued marketing has reflected an increase of 50% of student enrollment for FY 2008/2009.
- The increased student enrollment will enhance revenue to the program while maintaining other fixed costs.
- An adjustment of students' matrix levels was performed by MDCPS and will reflect an increasing of funding in the school's FEFP distribution of funds for the FY 2008/2009.
- Additional revenues from proceeding year's adjustment of students' matrix level is anticipated to be received in the fall of 2008/2009.
- Reduced school insurance expenses by increasing benefit cost sharing to the employees.
- School management has joined a statewide approved not-for-profit insurance trust which has resulted in additional savings.

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Sandor Wiener School of Opportunity, North's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Sandor Wiener School of Opportunity, Inc., 5555 Biscayne Boulevard, 3rd Floor; Miami, Florida 33137.

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
STATEMENT OF NET ASSETS (DEFICIT)
June 30, 2008

A S S E T S

CURRENT ASSETS:

Cash	\$	56,764
Accounts receivable		30,856
Prepaid expenses		<u>2,407</u>
Total current assets		<u>90,027</u>

NONCURRENT ASSETS:

Capital assets, depreciable		161,253
Less: accumulated depreciation		<u>149,777</u>
Total noncurrent assets		<u>11,476</u>
Total assets	\$	<u><u>101,503</u></u>

L I A B I L I T I E S A N D N E T A S S E T S (D E F I C I T)

LIABILITIES:

Accounts payable	\$	1,065
Accrued liabilities		30,328
Due to related parties		110,381
Unearned revenue		<u>26,084</u>
Total liabilities		<u>167,858</u>

CONTINGENCIES AND COMMITMENTS (Note 6)

--

NET ASSETS (DEFICIT):

Invested in capital assets		11,476
Unrestricted (deficit)		<u>(77,831)</u>
Total net assets (deficit)		<u>(66,355)</u>
Total liabilities and net assets (deficit)	\$	<u><u>101,503</u></u>

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

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities Net Revenues (Expenses) and Change in Net Assets (Deficit)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Instruction	\$ 519,885	\$ --	\$ 252,358	\$ --	\$ (267,527)
Operation of facility	90,695	--	--	--	(90,695)
Pupil transportation services	47,350	--	--	--	(47,350)
Administration	28,388	--	--	--	(28,388)
Fiscal services	<u>27,208</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(27,208)</u>
Total governmental activities	\$ <u>713,526</u>	\$ <u>--</u>	\$ <u>252,358</u>	\$ <u>--</u>	<u>(461,168)</u>
General revenue:					
FTE nonspecific revenues					345,744
Donations					<u>1,400</u>
Total general revenues					<u>347,144</u>
Change in net assets (deficit)					(114,024)
Net assets (deficit), July 1, 2007					<u>47,669</u>
Net assets (deficit), June 30, 2008					\$ <u>(66,355)</u>

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

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2008

		<u>General Fund</u>
A S S E T S		
ASSETS:		
Cash	\$	56,764
Accounts receivable		30,856
Prepaid expenditures		<u>2,407</u>
Total assets	\$	<u><u>90,027</u></u>
L I A B I L I T I E S A N D F U N D B A L A N C E (D E F I C I T)		
LIABILITIES:		
Accounts payable	\$	1,065
Accrued liabilities		30,328
Due to related parties		110,381
Deferred revenue		<u>26,084</u>
Total liabilities		<u>167,858</u>
CONTINGENCIES AND COMMITMENTS (Note 6)		--
FUND BALANCE (DEFICIT):		
Reserved for prepaid expenditures		2,407
Unreserved		<u>(80,238)</u>
Total fund balance (deficit)		<u>(77,831)</u>
Total liabilities and fund balance (deficit)	\$	<u><u>90,027</u></u>
R E C O N C I L I A T I O N O F T H E G O V E R N M E N T A L F U N D B A L A N C E S H E E T T O T H E S T A T E M E N T O F N E T A S S E T S (D E F I C I T) :		
Governmental fund balance (deficit), page 11:	\$	(77,831)
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		
Cost of capital assets	\$	161,253
Accumulated depreciation		<u>(149,777)</u>
		<u>11,476</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES, page 8	\$	<u><u>(66,355)</u></u>

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

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE (DEFICIT) - GOVERNMENTAL FUND
For the Year Ended June 30, 2008

	<u>General Fund</u>
REVENUES:	
State sources	\$ 340,724
Local sources	253,758
Federal sources	<u>5,020</u>
Total revenues	<u>599,502</u>
EXPENDITURES:	
Current:	
Instruction	519,885
Operation of facility	65,724
Pupil transportation services	47,350
Administration	28,387
Fiscal services	<u>27,208</u>
Total expenditures	<u>688,554</u>
Change in fund balance (deficit)	(89,052)
FUND BALANCE, July 1, 2007	<u>11,221</u>
FUND BALANCE (DEFICIT), June 30, 2008	\$ <u><u>(77,831)</u></u>
NET CHANGE IN FUND BALANCE (DEFICIT) - GOVERNMENTAL FUND	\$ (89,052)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as a provision for depreciation.	
Provision for depreciation	<u>(24,972)</u>
CHANGE IN NET ASSETS (DEFICIT) ON THE STATEMENT OF ACTIVITIES, PAGE 9	\$ <u><u>(114,024)</u></u>

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

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - ORGANIZATION AND OPERATIONS

Sandor Wiener School of Opportunity, North (the "School") is a department of Sandor Wiener School of Opportunity, Inc., which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The School is also a component unit of the Public School Board of Miami-Dade County, Florida. The School commenced operations in August 2002 in the City of Miami, and now offers classes for pre-kindergarten through second grade. Nineteen students were enrolled in classes when the school year ended in June 2008.

The financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Sandor Wiener School of Opportunity, Inc. as of June 30, 2008, and its change in financial position or budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Public School Board of Miami-Dade County, Florida (the "District"). The current charter is effective until June 30, 2008, and may be renewed in increments of one year by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

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

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

Basis of presentation:

Based on the contractual provisions within the School's contract with the Miami-Dade County Public School District and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Basic financial statements - government-wide statements:

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

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net assets (deficit), the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, if any. The School's net assets (deficit) are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. As of June 30, 2008, all of the School's net assets (deficit) were classified as:

Invested in capital assets	\$	11,456
Unrestricted (deficit)		<u>(77,811)</u>
Net assets (deficit)	\$	<u><u>(66,355)</u></u>

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including the provision for depreciation) by related program revenues, contributions, and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets (deficit) resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements:

The accounts of the School are organized on the basis of funds. The operations of the only fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The General Fund is employed in accounting for all the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions of the School.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets:

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

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

Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Unrestricted - indicates that portion of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance:

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

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

Unreserved - indicates the portion of fund balance available for future appropriations.

Measurement focus and basis of accounting:

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

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

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the current period is defined as sixty days.

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements, and other expenditures that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs for repairs and maintenance are expensed as incurred.

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

Furniture and equipment	3-5 years
Computer equipment	5 years

Allowance for doubtful accounts:

Management of the School reviews the accounts receivable balances and provides an allowance for accounts which may be uncollectible. At June 30, 2008, management considers the accounts receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned/deferred revenue:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Deferred revenues, also known as unearned revenue, at the government-wide level arise only when the School receives resources before it has a legal claim to them.

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

Compensated absences:

The School's policy allows certain employees to carry over three weeks of vacation per fiscal year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ended June 30, 2008.

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund for the year ended June 30, 2008. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information.

NOTE 4 - DEPOSITS

At June 30, 2008, the total carrying amount of the School's cash balances was \$ 56,764. The bank balance at local depositories was \$ 101,628, of which \$ 1,628 is not insured by the FDIC.

NOTE 5 - CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

	Balance, July 1, 2007	Additions	Deletions	Balance, June 30, 2008
Capital assets, depreciable:				
Furniture and equipment	\$ 135,067	\$ --	\$ --	\$ 135,067
Computer equipment	<u>26,186</u>	<u>--</u>	<u>--</u>	<u>26,186</u>
	<u>161,253</u>	<u>--</u>	<u>--</u>	<u>161,253</u>
Accumulated depreciation:				
Furniture and equipment	106,693	19,417	--	126,110
Computer equipment	<u>18,112</u>	<u>5,555</u>	<u>--</u>	<u>23,667</u>
	<u>124,805</u>	<u>24,972</u>	<u>--</u>	<u>149,777</u>
Net capital assets	\$ <u><u>36,448</u></u>	\$ <u><u>(24,972)</u></u>	\$ <u><u>--</u></u>	\$ <u><u>11,476</u></u>

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2008

NOTE 5 - CAPITAL ASSETS (continued)

The provision for depreciation for the year ended June 30, 2008, amounted to \$ 24,972. The School allocated 100% of the depreciation to the operation of the facility.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the District School Board upon the nonrenewal or termination of the contract.

NOTE 6 - CONTINGENCIES AND COMMITMENTS (continued)

Grant agreements:

The School received financial assistance from federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, the School is not required to conduct "single audits" since the required threshold for federal awards and state financial assistance is currently \$ 500,000 and the School did not exceed such threshold.

Lease commitment:

The School has an operating lease for the rental of its facility with monthly payments of \$ 3,793 through January 2010. The lease contains no renewal options. Total expense in connection with the facility lease amounted to approximately \$ 43,400 for the year ended June 30, 2008.

Future lease payments are approximately as follows:

<u>Year Ending</u> <u>June 30,</u>		
2009	\$	45,500
2010		26,600
Thereafter		NONE

NOTE 7 - RELATED PARTY TRANSACTIONS

The School is related to Association for Retarded Citizens, South Florida, Inc. (the "Association") through common board members and management. During the year, the Association paid for various operating expenses on behalf of the School. In addition, the Association has charged the School an administrative fee in the amount of \$ 40,562 for support services related to the operation of the School. The Association also collects and remits certain Medicaid revenues earned by the School in the amount of \$ 22,001 for the year ended June 30, 2008. As of June 30, 2008, the School owed the Association \$ 98,105 relating to the transactions described above.

The School is also related to the Sandor Wiener School of Opportunity, South ("South") and it is operated under the same not-for-profit organization, Sandor Wiener School of Opportunity, Inc. When certain transactions are received by one school and relate to both schools, the amounts are allocated to the appropriate school. These types of transactions create a due to/from accounts payable/receivable to South. As of June 30, 2008, the School owed South \$ 12,276, relating to those transactions.

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008

NOTE 8 - INCOME TAXES

The School qualifies as a tax-exempt organization under 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.

NOTE 9 - RISK FINANCING

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverages during the past year.

NOTE 10 - FUND AND NET ASSETS DEFICITS

The School currently reports a governmental fund deficit of \$ 77,831 and a net assets deficit of \$ 66,355. The deficits are primarily caused by administrative fees charged through a related party (Note 7). The School's related party has the financial ability to forgive the amount due to them if necessary. In addition, the School has started the 2008-2009 fiscal year with an increase in enrollment and a modified reimbursement rate, increasing the amount that is earned by the School per enrolled student. Management believes that these two additional factors will enable the School to be a viable operating entity capable of sustaining itself.

In addition, the School has started the 2008/2009 fiscal year with an increase of student enrollment by 50% and a modified increase matrix rate for students based on their educational needs, increasing the amount that is earned by the School per enrolled student. Management believes that these two additional factors will enable the School to be a viable ongoing entity of sustaining itself.

- The School has experienced an increased enrollment of students by 50%, with fixed costs remaining the same.
- Additionally, students have received a higher matrix level, increasing School revenues through the FEFP distribution of funds based on each student's educational needs.
- Reduced School insurance expenses by increasing cost sharing of benefits to the employees.
- School management has joined a statewide approved not-for-profit insurance trust which has resulted in additional savings.
- School continues to make improvements by looking for opportunities to reduce general expenses and putting in place more efficient internal cost control systems.
- Marketing of the School continues with support from the parents and Board of Directors.

REQUIRED SUPPLEMENTAL
INFORMATION

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final		
REVENUES:				
Operating revenues	\$ 788,260	\$ 788,260	\$ 573,564	\$ (214,696)
Medicaid	34,000	34,000	22,001	(11,999)
Miscellaneous income	--	--	2,537	2,537
Grants and contributions	5,000	5,000	1,400	(3,600)
Total revenues	827,260	827,260	599,502	(227,758)
EXPENDITURES:				
Current:				
Salaries	357,110	357,110	191,209	165,901
Professional services	77,013	77,013	139,059	(62,046)
Therapy	81,000	81,000	100,766	(19,766)
Administrative charges	79,505	79,505	56,895	22,610
Employee benefits	65,890	65,890	51,314	14,576
Contracted bus transportation	44,051	44,051	47,350	(3,299)
Rental	41,868	41,868	43,393	(1,525)
Repairs and maintenance	16,680	16,680	16,631	49
Insurance	13,500	13,500	10,057	3,443
Student food service and supplies	11,112	11,112	8,514	2,598
Office expenses	4,343	4,343	6,921	(2,578)
Instructional support	13,500	13,500	6,640	6,860
Utilities	4,600	4,600	5,700	(1,100)
Miscellaneous	240	240	3,365	(3,125)
Special event	--	--	533	(533)
Travel	1,400	1,400	207	1,193
Advertising	181	181	--	181
Total expenditures	811,993	811,993	688,554	123,439
Change in fund balance(deficit)	15,267	15,267	(89,052)	(104,319)
FUND BALANCE, July 1, 2007	--	--	11,221	11,221
FUND BALANCE (DEFICIT), June 30, 2008	\$ 15,267	\$ 15,267	\$ (77,831)	\$ (93,098)

OTHER AUDITORS' REPORTS



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**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 GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Sandor Wiener School of Opportunity, North
Miami, Florida

We have audited the financial statements of governmental activities and the General Fund of Sandor Wiener School of Opportunity, North (the "School") (a component unit of the Public School Board of Miami-Dade County, Florida and a department of Sandor Wiener School of Opportunity, Inc.), as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Management's Responses to be a significant deficiency in internal control over financial reporting (as referenced in 2008-1).

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


We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

We did note another matter that we did not consider to be a significant deficiency, which is reflected on page 23 as Comment 2008-2.

This report is intended solely for the information and use of the School's management, members of the Board of Directors, the Auditor General of the State of Florida, and the Public 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.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 4, 2008



KEEFE, MCCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Sandor Wiener School of Opportunity, North
Miami, Florida


This letter is written in connection with our audit of the financial statements of Sandor Wiener School of Opportunity, North (a component unit of the Public School Board of Miami-Dade County, Florida and a department of Sandor Wiener School of Opportunity, Inc.), as of and for the year ended June 30, 2008. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules, regulations or contractual provisions reported for the preceding audit.
2. There were no recommendations made relating to the preceding audit.
3. The recommendations to improve the School's financial management are listed in the Schedule of Findings and Management's Responses on page 23.
4. There were no violations of laws, rules, contractual provisions, or regulations discovered during our audit.
5. There were no illegal or improper expenditures discovered during our audit.
6. There were no other matters requiring correction discovered during our audit, relating to improper or inadequate accounting procedures, improperly recorded transactions, fraud, significant deficiencies on material weaknesses other than the significant deficiency denoted as 2008-1 on page 23.
7. As required by the Rules of the Auditor General (Section 10.854(1)(d)2), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the School did meet one of the conditions described in Section 218.503(1), Florida Statutes. The School currently has an unreserved fund deficit of \$ 77,831. This is disclosed in Note 10 to the financial statements of the School. The rules of the Auditor General also require that a statement be made, as to whether or not this condition is a result of deteriorating financial conditions. We believe that the financial emergency is a result of deteriorating financial conditions, primarily due to the lack of anticipated enrolled students and a past misclassification of special needs students, and the corresponding additional revenue, enrolled in the School. Management's plan to address this situation is discussed in Note 10 to the financial statements.

Sandor Wiener School of Opportunity, North

This report is intended solely for the information and use of the School's management, the Board of Directors, the Auditor General of the State of Florida and the Public 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.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 4, 2008

SANDOR WIENER SCHOOL OF OPPORTUNITY, NORTH
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSES
For the Year Ended June 30, 2008

PRIOR YEAR COMMENTS AND RECOMMENDATIONS

NONE

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

***2008-1 POSTING OF YEAR END ADJUSTING JOURNAL ENTRIES**

Adjusting journal entries:

During our field work, we noted that a large portion of our adjusting entries proposed for the prior year were not posted to the School's general ledger. Such adjusting entries should be entered to insure proper reporting of financial position in agreement with the prior year audited financial statements. We suggest that all journal entries recommended and approved by management be posted to the School's general ledger at year end.

Management's response:

We will post all year end entries proposed by the auditor on a timely basis

2008-2 CASH DISBURSEMENTS

Required Executive Director's signature:

During our engagement, we noted that certain invoices did not contain the proper approval of the executive director required by their internal control system procedures. As per their internal control system, all invoices should contain the director's approval, indicated by a signature on all invoices.

Management's response:

The School will provide for proper authorization in our process of disbursing cash disbursements

*Deemed a significant deficiency



ORIGINAL

Submitted by:

Sandor Wiener School of Opportunity North

Financial Recovery Plan

To:

**Office of Management and Compliance Audits
School Board Administration Building
1450 N.E. 2nd Ave. Suite 415
Miami, FL 33132**

November 6th, 2008



Sandor Wiener School of Opportunity, Inc.

North Campus

20000 N.W. 47 Avenue, Bldg. # 7 Miami, FL 33055
Phone # (305) 623-9631 Fax (305) 623- 9621
Mailing address: P.O. Box 173470 Hialeah, FL 33017-3470

"Student's will be considered for admission without regard to ethnicity, national origin, race, religion or gender"

ORIGINAL

November 5, 2008

Dr. Grace L. Ali
Financial Officer of Financial Operation

Mr. Allen M. Vann
Chief Auditor
Management and Compliance Audit

Ref: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008
AND CONDITION OF FINANCIAL EMERGENCY

Sandor Wiener School of Opportunity, North's school board is in receipt of a letter sent by your office dated October 7, 2008, regarding the school's financial status. In response to this letter, management is submitting a comprehensive financial recovery plan for 2008-2009 to MDCPS in accordance to Florida Statues Section 218.503 and F.S. 1002.33 (9) (g). The plan addresses specific audit findings, outlines the schools current financial status with appropriate supporting documentation that will exhibits the school financially viable entity.

In its fourth year of operations the school is now in better financial standing than in the past, in order to meet it's current and future obligations.

A school representative will be present at the MDCPS School Board Audit Committee Tuesday December 2, 2008 room 916 at 12:30 PM.

Submitted by management on behalf of Sandor Wiener South School Board

Respectfully,

Vickie Burley
Program Director

Frank Gaitan
Accounting Consultant



Administrative Office: 5555 Biscayne Blvd. Miami, FL 33137
Telephone (305) 759-8500 Fax (305) 754-9223

Outline follows Charter School Financial Recovery Plan provided by sponsor

Audit Finding Specifics and Explanations

Sandor Wiener's 2007-2008 Financial Audit was submitted MDCPS, a summary of specific findings are outlined and addressed by management in this recovery plan.

This 2008-2009 school year Sandor Wiener School of Opportunity – South has reached its Financial Equilibrium. For the past 7 years the schools operations has held and maintained positive cash flow position. Student enrollment is up and expenses have been reduced. Fixed cost remains the same. MDCPS has reevaluated Matrix levels of students which directly increased FTE funds per student. FTE funding is now matching level of services based on students needs. The School has not failed to pay its vendors, or salaries, or wages, or taxes due. These facts along will consolidate the School's financial status.

Page 5, of the Financial Audit Report, shows unrestricted net assets deficit increased last year, for a total \$66,355. This amount is the school's accumulated internal management fees since its opening of the program as it pertains to the usual and customary managing fee due to ARC. Sandor Wiener School Board has received the audit findings and is committed with ARC to the community and population the school serves and does not pressure the Charter school for management fees, even though it is entitled to them. We are confident with the quality of our school services, parent's satisfaction, and meeting Charter School Operations compliance benchmarks, that Sandor Wiener School of Opportunity will continue to be successful and meets the needs of our community.

Page 6, Economic factors have help school financials for 2008-2009 school year, due to the diligence of the school directors and the management team in compliance with students EIP's, and implementing the school's marketing plan and by finding other sources of funding. See attached document of school Marketing Plan, and Financial Talking Points.

Page 8 shows that the amount due to related-party "ARC" is \$110,381 which would represent an unrestricted fund surplus of \$32,550 if operated on "Cash Basis Accounting"

Page 17, Note 10 Fund and Net Assets Deficits clearly outlines schools specific financial status of 2007-2008. Based on actual facts we predict a stronger financial year for 2008-2009 school year.

Page 23, 2008-1 Posting of Year End Adjustments Journal Entries the end-of-year (2006-2007) Adjusting Journal Entries were properly posted after a few questions were clarified with the external auditors such as the corresponding reversal entries for the new FY. Sandor Wiener management team has implemented a new accounting soft ware program MIP to help better monitor internal controls for the school.

Page 23, 2008-02 Cash Disbursements- A new procedure suggested by the auditors has been instituted in-conjunction with the cash disbursement of expenses. The control deficiency has been corrected following recommendations by our auditors, which pertained to properly signing the invoices for payment authorization.

Financial Status at initiation of Recovery Plan

State of Financial Emergency of the School

Conditions, which may lead to a financial emergency applicable to charter school-(Section 218.503, F.S.)

(a) Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other-long term debt payments when due as a result of a lack of funds.

Not applicable to the school.

(b) Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of lack of funds.

Not applicable to the school.

(c) Failure to transfer at the appropriate time, due to lacks of funds:

1. Taxes withheld on the income of employees.
2. Employer and employee contributions for social security, pension, retirement, or benefit plan of an employee.

Not applicable to the school.

(d) Failure for one pay period to pay, due to lack of funds:

1. Wages and salaries
2. Retirement benefits

Not applicable to the school.

(e) An unreserved or total fund balance or retained earnings deficit, or unrestricted or total net assets deficit for which sufficient resources are not available.

Audit reports page 5.

The reported Fund Deficit that places us in situation of Financial Emergency pertains to our balance only with our parent and managing company, A.R.C. (Association for Retarded Citizens). Sandor Wiener School Board has received the audit findings and is committed with ARC to the community and population the school serves and does not pressure the Charter school for management fees, even though it is entitled to them. This Fund Deficit has not, and will not affect our ability to meet our financial obligations to pay our bills, meet salaries payroll, nor pay our corresponding taxes.

The school has two main sources of revenue: MDCPS through FTE, and The Children's Trust. The funds from The Children's Trust have maintained the same, while the FTE funds for 2008-2009 have increased.

Although last year fiscal year the school showed a decrease in income, it was able to operate with a positive cash flow, due to closely monitoring expenses, through cost avoidance, cut cost expenses while maintaining fixed cost.

At the present time the financial status of the school is better than it has ever been. Due to facts outlined above. This is largely due to the fact that a similar Recovery Plan was implemented in the fall of 2007 and the benefits are starting to show.

Note:

Incomes

2006-2007 = \$685,000

2007-2008 = \$599,000

2008-2009 = \$663,000 * Realistic Revenue Projected based on all funding sources including approved MDCPS FTE invoices. See supporting documents of MDCPS invoices for August, September and October 08.

Time Frame for Correction

At present, all corrections have already been made in- conjunction with external auditors recommendations.

The implemented Recovery Plan was initiated in September 2007 with the same objective; to strengthen the School's financial status through compliance, financial soundness and collaborating and marketing with school partners. See marketing and financial taking points documents. Thus far the implemented plan is working as anticipated, though the results are being to take effect this school year. By the end of this calendar year the School should be in an upward financial trend.

Projected Weighted FTE for Current Year and Next year

The school's final FTE report on student's enrollment for 2007-2008 reflected the projected weight for 19.5 students.

For the 2008-2009 school year MDCPS October's 2008 Projected Weighted FTE report list 29 students.

The FTE Dollars equivalent is \$310,000 for 2007-2008 and \$428,000 for 2008-2009

This significant increase is due to promotions and marketing – dynamic enrollment – that could not previously take effect, until the beginning of a school year. See copy of MDCPS approved FTE invoice for October 2008.

Projected Expenditures for current Year and Next Year

The actual cash expenditure for 2007-2008 was \$713,000 from all sources. For 2008-2009 we anticipate a total cash expenditure of \$677,000. This will show a reduction in expenditures, when we consider that additional staff was needed to meet the requirements for the increase in enrollment and the rise in other related operational costs. Our projected income is \$720,000 will adequately cover projected expenses.

Dollar Amounts of Identified Cost Reductions

Renegotiation of insurance policies and coverage as well as change to employees sharing cost for health benefits allows for cost reductions.

	2006-2007	2007-2008
Insurance	\$22,800	\$14,300
Health Benefits	\$30,618	\$17,448 employee shared cost
Management fees	\$135,957	variable expense can be reduced or not collected
Utilities / Maintenance	review of possible cost reduction	

	2006-2007	2007-2008
Operating expenses:	\$793,000	\$738,000

This is a minimum reduction of \$55,000 over the previous year, and represents 7% decrease, which considering the yearly increases in almost every category, from rent to supplies, this would represent about a 15% total reduction.

For this School Year a review of utilities and maintenance cost are in effected in order to be more efficient in reducing our cost, such as new phone services that could cut our costs by 50%, more conscience of our electrical consumptions, detecting waste such as water leak, and using community partners such as Hands on Miami, to do grounds and facilities beautification projects.

Internal Measures to Monitor Plan

Bi-weekly financial meetings are now taking place, to monitor internal measures. A new accounting software program of MIP will create a more adequate and efficient accounting controls. Monthly revenues and expenses are monitored and compared to the same month of the previous year, as well as to the previous month.

Summary Narrative of Plan

The Recovery Plan resides in three major aspects.

- 1. Increase in Revenues.**
- 2. Cost Control and reduction.**
- 3. Bi-weekly and monthly review of financial reports with management team.**

The Recovery Plan implemented last year is taking effect this School Year. One of our main objectives has been to increase the enrollment of the number of students, without increasing our expenses in the same proportion.

The first part of the implemented Recovery Plan has been accomplished; an estimated 50% increase in enrollment represents an increase in funds. New and additional sources of revenues have been established; such as summer and after school care registration and supply fees, lunch program and marketing and collaborating with community partners.

The reduction in cost has been achieved by creating awareness among our staff in our utilities consumption, waste-not of our supplies and resources as well as researching searching alternatives, sin utilities such as Internet phones which would cut costs in half.

With new student enrollment the teacher-to-student ratio is more cost efficient. The school does not expect an increase in transportation expenses since the bus is not at full capacity.

Reports to Governing Board and Sponsor

Sandor Wiener School of Opportunity South, submits to the sponsor MDCPS Charter School Operations timely quarterly statements of revenues and expenditures and changes in fund balance. (See first quarter 2008-009 in supporting documents).

At any time MDCPS has the right to request and review the schools monthly bank statements.

Financial statements are presented to Sandor Wiener School board quarterly as required.

School Improve Plan is presented to the board and submitted annually, mid-year and end of year to sponsor.

Capital Outlay Report is approved and submitted by Sandor Wiener school and board and sponsor.

State Annual Accountability report is submitted to the board and the sponsor.

Data of student demographics and verification of FTE reports is collected and submitted to the sponsor.

Compliance with requirements of Unaudited and Audit financial statements.

Supporting Documents



Sandor Wiener Schools of Opportunity, North and South

"Student's will be considered for admission without regard to ethnicity, national origin, race, religion or gender"

*Vickie Burley, Program Coordinator
Liz McGettigan, Director North
Vanessa Hughes, Director South*

Marketing/Community Contacts

- **Therapy Centers/Doctor's Offices**
 - Children's Creative Therapy
 - Martha Ware Rehabilitation Center at Baptist Children's Hospital
 - Dan Marino Center-Dr. Turasec

- **Community Committee for Developmental Handicaps (CCDH- A community agency that supports people with disabilities and their families.)**
- **Wayside Baptist Church Special Ministry**
- **Rotary/Kiwanis/Lions Clubs**
 - Coral Gables Rotary
 - Palmetto Bay Rotary
 - Dadeland/Pinecrest Rotary
 - North Dade Rotary
 - Miami Lakes Kiwanis
 - Aventura-North Miami Lions (North campus is pursuing a membership)
 - Hallandale-Aventura Rotary

- **Television Spots**
 - Cable Tap
 - Univision- spotlight segment on Sunday morning show (upcoming-July)

- **Foster Care Centers**
 - His House
 - Children's Home Society
 -

- **Press Releases to Local Media**
 - Ch. 4
 - Ch. 6
 - Ch.7
 - Ch. 10
 - The Miami Herald



- **Local Social Workers-Irene Ballart, Sujeil Beltran**
- **Flyers**
 - Sent home with Parents and Staff
 - Posted in the community (Publix, Winn Dixie, Wal-Mart, Target, MDC, FIU, UM, therapy centers, doctors' offices, etc.)
 - Given to all school visitors
- **Banners**
 - Posted in front of school and site entrance
 - Brought to special events
- **Networking at Community Events**
 - ESE Day at Miami-Dade County Youth Fair
 - The Children's Trust EXPO
 - The Children's Trust Awards Ceremony
 - FDLRS Assistive Technology Fair
- **School Newsletter**
 - Distributed to parents, e-mail distribution lists, inclusion in ARC newsletter, etc.
- **Updated website-currently under construction**
 - www.sandorwienerschool.org
- **Word-of-Mouth!**
 - Encouraging Parents, Staff, and Visitors to spread the word

Sandor Wiener Schools of Opportunity
 LM
 4/08





Sandor Wiener School of Opportunity, Inc.
North Campus
20000 N.W. 47 Avenue, Bldg. # 7 Miami, FL 33055
Phone # (305) 623-9631 Fax (305) 623- 9621
Mailing address: P.O. Box 173470 Hialeah, FL 33017-3470

Sandor Wiener School of Opportunity-
South Campus
11025 S.W. 84 Street, Cottage #5 Miami, FL 33173
Phone# (305) 279-3064 Fax (305) 279-2922

"Student's will be considered for admission without regard to ethnicity, national origin, race, religion or gender"

SWSO Financial Talking Points

- **Interesting FTE/FEFP Quirks-** FTE periods (February and October) are always averaged with the previous period. This is helpful if you have lost students since your last FTE period, but obviously does not help when the school is growing/expanding. Also, Capital Outlay funding is directly tied to FTE numbers, not space rental/lease costs.
- **National School Lunch Program (Free and Reduced Lunch)-**We are currently paying for all meals for children eligible for free lunch (and 80% of the actual lunch cost for those with reduced lunch pricing). We are looking to become members of the National School Lunch Program, which will entail sending a representative from each campus location to Tallahassee for the orientation program. School districts and independent schools that choose to take part in the lunch program get cash subsidies and donated commodities from the U.S. Department of Agriculture (USDA) for each meal they serve. In return, they must serve lunches that meet Federal requirements, and they must offer free or reduced price lunches to eligible children. School food authorities can also be reimbursed for snacks served to children through age 18 in afterschool educational or enrichment programs.



- **Title I-(North campus only) SWSO-North** has been allocated **\$5020.00** for program supplies. This money must be spent by the end of the 2007-2008 school year. The guidelines for this funding are as follows:

- 1% of the full allocation must be spent on parental involvement activities, programs, and procedures.

- We are to use the funds to supplement, not supplant our services. We can purchase software, audio visual materials, assistive technology, and educational field trips. We cannot use the funds to purchase textbooks/curriculum, art/music supplies, furniture, awards, communication equipment, PE/playground equipment, etc.

- **Upcoming Expense: DECON Radios-** mandatory for all public and charter schools. These radios will notify us of severe weather, lockdowns, police activity, and other hazards in our school's area. They will also be the primary form of communication to the school district and local authorities following a hurricane/severe weather event. These radios were automatically purchased for every charter school by Miami-Dade County School Police, and will be deducted from our May FEFP payment. The cost of the DECON radio, charger, and programming is \$1649.57. The cost breakdown is as follows:

Battery	\$ 75.00
Antenna	46.72
Desk Charger	87.60
P5130 Radio	1,405.25
Programming	35.00
Total	\$1,649.57



Possible Solutions

- **Grants:** We are looking to apply for grants both large and small to fund supplies, building upgrades/maintenance, and technology. Each campus site director has attended Grant Writing Workshops offered by Nova Southeastern University to pursue these funding opportunities. We have already approached the Dan Marino Foundation, who has asked us to reapply at the beginning of next year's grant cycle. We are looking to apply for various grants from the following foundations: Tiger Woods Foundation, Lowe's Charitable and Educational Foundation, Best Buy Teach Program, Target Reading Foundation, Dade Foundation, Health Foundation, Dollar General, and other grant opportunities through the Florida Charter School Clearinghouse.
- **Facilities-**The North campus is exploring other building options in the area, as rent continues to rise.
- **Summer Medicaid Billing-**Both campuses are looking at the possibility of 12-month therapist positions (at current salary) to continue Medicaid/Medipass billing for June, July, and August for summer camp with TCT.
- **Donations-** Both campuses have sent letters home to families, asking for their support. We are looking to find donors within our respective communities through the Key/Kiwanis/Rotary/Lions clubs. The North campus has received a donation from "One Planet One Heart" for two new touch-screen monitors and assistive software, while the South campus has received hand-made wheelchair backpacks, classroom supplies, and various cash donations.

Sandor Wiener Schools of Opportunity

10/07 LM





Association for Retarded Citizens, South Florida
5555 Biscayne Boulevard * P.O. Box 371333 * Miami, Florida 33137-1333
Telephone (305) 759-8500 * Fax (305) 754-9223 * www.arcsofla.org

ASSOCIATION FOR RETARDED CITIZENS/SOUTH FLORIDA

BOARD RESOLUTION

WHEREAS, The Association For Retarded Citizens/South Florida (ARC) a not for profit (501C3) corporation has been providing advocacy and services for individuals with developmental disabilities and their families for over fifty years in the Miami-Dade County community, and

WHEREAS, ARC developed and sponsored the Sandor Wiener School Of Opportunity, Inc North campus to provide an educational option for students with special disabilities, and

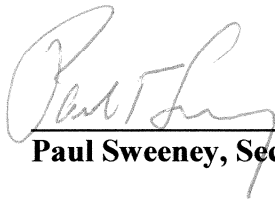
WHEREAS, ARC is entitled to receive funding from Sandor Wiener School for administrative services performed, and

WHEREAS, Sandor Wiener School of Opportunity, Inc. North campus is still becoming financially stable, and

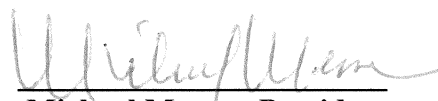
WHEREAS, Sandor Wiener School owes ARC for administrative services from past years, and

NOW, THEREFORE BE IT RESOLVED THAT, the ARC continues it's commitment and support to Sandor Wiener School, Inc. north campus and agrees not to collect on current indebtedness until the school is financially solvent.

Approved by the ARC Board of Directors at the regularly scheduled meeting of the Board of Directors and signed this 18th day of November, 2008.



Paul Sweeney, Secretary



Michael Messer, President

*"A FULL CYCLE OF LIFE AGENCY"
IN PART SPONSORED BY*



**ASSOCIATION FOR
RETARDED CITIZENS,
SOUTH FLORIDA, INC.**

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

September 30, 2007 and 2006

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
September 30, 2007 and 2006

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FINANCIAL STATEMENTS



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Association for Retarded Citizens, South Florida, Inc.
Miami, Florida

We have audited the accompanying statements of financial position of the Association for Retarded Citizens, South Florida, Inc. (a not-for-profit organization) as of September 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for Retarded Citizens, South Florida, Inc. at September 30, 2007 and 2006, 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.

In accordance with Government Auditing Standards, we have also issued a report dated March 26, 2008 on our consideration of the Association for Retarded Citizens, South Florida, Inc.'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.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 26, 2008

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2007 and 2006

A S S E T S

	<u>2007</u>	<u>2006</u>
ASSETS:		
Cash and cash equivalents	\$ --	\$ 104,879
Investments	--	12,273
Restricted cash - client funds	62,853	77,297
Grants receivable	758,636	486,567
Unconditional promises to give	255,000	213,750
Accounts receivable, less allowance for uncollectible accounts of \$ 101,100 in 2007 and \$ 75,600 in 2006	161,282	223,044
Prepaid expenses and other assets	36,850	34,313
Due from affiliate	205,111	129,413
Property and equipment, less accumulated depreciation of \$ 2,402,437 and \$ 2,218,340, respectively	1,610,926	1,711,738
Loan costs, less accumulated amortization of \$ 11,056 and \$ 8,650, respectively	13,373	15,779
Deposits	<u>8,905</u>	<u>2,305</u>
Total assets	\$ <u>3,112,936</u>	\$ <u>3,011,358</u>

L I A B I L I T I E S A N D N E T A S S E T S

LIABILITIES:		
Accounts payable	\$ 147,480	\$ 120,920
Client funds payable	62,853	77,297
Accrued expenses	120,330	137,059
Accrued employee leave benefits	138,204	130,562
Deferred revenue	299,297	169,747
Debt	<u>1,382,547</u>	<u>1,176,800</u>
Total liabilities	<u>2,150,711</u>	<u>1,812,385</u>
NET ASSETS:		
Temporarily restricted	255,000	213,750
Unrestricted	<u>707,255</u>	<u>985,223</u>
Total net assets	<u>962,225</u>	<u>1,198,973</u>
Total liabilities and net assets	\$ <u>3,112,936</u>	\$ <u>3,011,358</u>

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

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED NET ASSETS:		
Operating revenue and public support:		
Operating revenue:		
Net client service revenue	\$ 4,461,973	\$ 3,723,858
Grants and contracts for Association operations	2,526,670	2,843,682
United Way Services funding released from restriction	213,750	213,750
United Way Services funding	85,000	94,873
Other operating revenues	<u>7,855</u>	<u>7,362</u>
Total operating revenue	<u>7,295,248</u>	<u>6,883,525</u>
Public support:		
Donated services	121,872	182,808
Fundraising	105,442	92,732
Contributions	167,733	56,914
Donated facility use	<u>12,000</u>	<u>12,000</u>
Total public support	<u>407,047</u>	<u>344,454</u>
Total operating revenue and public support	<u>7,702,295</u>	<u>7,227,979</u>
Expenses:		
Program services, including provisions for depreciation of \$ 142,218 and \$ 141,906 interest expense of \$ 85,912 and \$ 92,512, and provisions for amortization of \$ 2,406 and \$ 3,114, respectively	7,026,567	6,393,363
General and administrative, including provisions for depreciation of \$ 42,171 and \$ 38,427 and interest expense of \$ 13,122 and \$ 7,373, respectively.	894,041	721,686
Fundraising, including interest expense of \$ 1,619 in 2006	<u>65,128</u>	<u>72,959</u>
Total expenses	<u>7,985,736</u>	<u>7,188,008</u>
Total operating revenue and public support over (under) expenses	<u>(283,441)</u>	<u>39,971</u>
Nonoperating revenues:		
Miscellaneous income	4,559	149,838
Interest income	<u>884</u>	<u>1,020</u>
Total nonoperating revenues	<u>5,443</u>	<u>150,858</u>
Increase (decrease) in unrestricted net assets	<u>(277,998)</u>	<u>190,829</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Services funding for the succeeding year	255,000	213,750
Services funding released from restrictions	<u>(213,750)</u>	<u>(213,750)</u>
Increase (decrease) in temporarily restricted net assets	<u>41,250</u>	<u>--</u>
Change in net assets	(236,748)	190,829
NET ASSETS, beginning of the year	<u>1,198,973</u>	<u>1,008,144</u>
NET ASSETS, end of the year	\$ <u><u>962,225</u></u>	\$ <u><u>1,198,973</u></u>

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

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2007

	<u>Adult Services</u>	<u>Child Services</u>	<u>Guardian- Ship</u>	<u>Total Programs</u>
EXPENSES:				
Salaries and other personnel costs	\$ 1,440,203	\$ 3,229,873	\$ 194,451	\$ 4,864,527
Direct program purchased goods and services	43,921	334,517	1,646	380,084
Occupancy	286,638	295,726	18,536	600,900
Contributed services	121,872	12,000	--	133,872
General and administrative	530,551	242,494	20,544	793,589
Bad debt	--	--	--	--
Interest expense	44,729	38,395	2,788	85,912
Dues to Florida Association for Retarded Citizens	<u>14,639</u>	<u>10,093</u>	<u>733</u>	<u>25,465</u>
 Total expenses before provision for depreciation	 2,482,553	 4,163,098	 238,698	 6,884,349
Provision for depreciation	<u>57,194</u>	<u>85,024</u>	<u>--</u>	<u>142,218</u>
 Total expenses	 \$ <u><u>2,539,747</u></u>	 \$ <u><u>4,248,122</u></u>	 \$ <u><u>238,698</u></u>	 \$ <u><u>7,026,567</u></u>

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

<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
\$ 598,632	\$ 15,168	\$ 5,478,327
11,436	24,195	415,715
56,798	12,150	669,848
--	--	133,872
92,616	13,614	899,819
75,500	--	75,500
13,122	--	99,034
<u>3,766</u>	<u>--</u>	<u>29,231</u>
851,870	65,128	7,801,347
<u>42,171</u>	<u>--</u>	<u>184,389</u>
\$ <u>894,041</u>	\$ <u>65,128</u>	\$ <u>7,985,736</u>

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

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2006

	<u>Adult Services</u>	<u>Child Services</u>	<u>Group Homes</u>	<u>Citizens' Advocacy</u>
EXPENSES:				
Salaries and other personnel costs	\$ 941,796	\$ 2,626,681	\$ 499,908	\$ 78
Direct program purchased goods and services	409,053	322,432	186,251	1,959
Occupancy	307,922	234,782	41,848	1,181
Contributed services	182,808	12,000	--	--
General and administrative	23,276	46,679	6,253	3,714
Provision for bad debts	--	--	--	--
Interest expense	39,970	27,607	20,929	--
Dues to Florida Association for Retarded Citizens	<u>9,409</u>	<u>13,778</u>	<u>4,369</u>	<u>333</u>
Total expenses before provision for depreciation	1,914,234	3,283,959	759,558	7,265
Provision for depreciation	<u>43,893</u>	<u>83,423</u>	<u>13,594</u>	<u>--</u>
Total expenses	\$ <u><u>1,958,127</u></u>	\$ <u><u>3,367,382</u></u>	\$ <u><u>773,152</u></u>	\$ <u><u>7,265</u></u>

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

<u>Guardianship</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total 2006</u>
\$ 242,208	\$ 4,310,671	\$ 503,995	\$ 21,106	\$ 4,835,772
15,142	934,837	69,645	27,084	1,031,566
18,569	604,302	46,576	10,172	661,050
--	194,808	--	--	194,808
4,836	84,758	26,629	12,978	124,365
--	--	25,000	--	25,000
4,006	92,512	7,373	1,619	101,504
<u>1,680</u>	<u>29,569</u>	<u>4,041</u>	<u>--</u>	<u>33,610</u>
286,441	6,251,457	683,259	72,959	7,007,675
<u>996</u>	<u>141,906</u>	<u>38,427</u>	<u>--</u>	<u>180,333</u>
\$ <u><u>287,437</u></u>	\$ <u><u>6,393,363</u></u>	\$ <u><u>721,686</u></u>	\$ <u><u>72,959</u></u>	\$ <u><u>7,188,008</u></u>

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

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (236,748)	\$ 190,829
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provisions for depreciation and amortization	186,795	183,447
Provisions for bad debts	25,400	25,000
Changes in assets and liabilities:		
(Increase) decrease in restricted cash - client funds	14,444	(1,157)
(Increase) decrease in grants receivable	(272,069)	(237,701)
(Increase) decrease in unconditional promises to give	(41,250)	--
(Increase) decrease in accounts receivable	36,362	142,312
(Increase) decrease in prepaid expenses and other assets	(2,537)	(12,167)
(Increase) decrease in due from affiliate	(75,698)	(129,413)
Increase (decrease) in deposits	(6,600)	--
Increase (decrease) in accounts payable	26,560	32,804
Increase (decrease) in client funds payable	(14,444)	1,157
Increase (decrease) in accrued expenses	(16,729)	1,415
Increase (decrease) in accrued employee leave benefits	7,642	14,797
Increase (decrease) in deferred revenue	<u>129,550</u>	<u>169,747</u>
Net cash provided by (used in) operating activities	<u>(239,322)</u>	<u>381,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property and equipment	(83,577)	(177,089)
Proceeds from disposition of investments	<u>12,273</u>	<u>10,227</u>
Net cash used in investing activities	<u>(71,304)</u>	<u>(166,862)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	1,421,200	1,020,000
Payments on debt	<u>(1,215,453)</u>	<u>(1,231,628)</u>
Net cash provided by (used in) financing activities	<u>205,747</u>	<u>(211,628)</u>
Net change in cash	(104,879)	2,580
CASH AND CASH EQUIVALENTS, beginning of the year	<u>104,879</u>	<u>102,299</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ <u><u> --</u></u>	\$ <u><u>104,879</u></u>

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

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 1 - ORGANIZATION AND OPERATIONS

The Association for Retarded Citizens, South Florida, Inc. (the Association) is a nonprofit charitable organization. The primary purpose of the Association is to provide advocacy for the human rights and welfare for persons with developmental disabilities in South Florida. The Association also provides direct services to persons with developmental disabilities where such services are unavailable or are in short supply in the community. Such services include:

Adult Services - A training, counseling and recreational program focusing on self-help skills, community living, vocational ability and motor skills for lower functioning adults.

Child Services - An early intervention program for children with developmental delays (between six weeks and three years of age), including educational services with speech, occupational and physical therapies.

Group Homes - Residential facilities providing a family-style setting as an alternative to an institutional, restricted atmosphere for duly diagnosed retarded persons.

Guardianship - The Association provides legal guardianship services for individuals with mental retardation under an appointment by the Dade County Courts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation:

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Noncash contributions are recorded at their fair value on the date received.

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 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 restriction. The Association had no permanently restricted net assets as of September 30, 2007 and 2006.

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily restricted net assets were as follows as of September 30, 2007 and 2006.

	2007	2006
Unconditional promises to give:		
Restricted for succeeding year activities	\$ <u>255,000</u>	\$ <u>213,750</u>
	\$ <u><u>255,000</u></u>	\$ <u><u>213,750</u></u>

Promises to give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The promises to give as of September 30, 2007 and 2006, are unconditional and due within the current accounting period. Uncollectible promises to give are expected to be insignificant based on historical experience and no allowance for uncollectible promises to give is considered necessary. The Association had no conditional promises to give as of September 30, 2007 and 2006.

Investments:

Investments at September 30, 2006, consisted of 475 shares of Principal Financial Group, Inc. common stock stated at fair value using quoted market rates. Unrealized gains and losses in fair value are recognized.

Property and equipment:

Property and equipment are carried at cost if purchased or, if donated, at fair value on the date of donation, less allowances for depreciation. The Association follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which are as follows:

Buildings and improvements	25-40 years
Automotive equipment	3 years
Furniture and equipment	3-10 years

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long donated assets must be maintained, the Association reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is a schedule of property and equipment at September 30, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Buildings and improvements	\$ 2,041,860	\$ 1,989,645
Automotive equipment	777,829	773,848
Furniture and equipment	<u>685,685</u>	<u>658,597</u>
	3,505,374	3,422,090
Less accumulated depreciation	<u>2,402,436</u>	<u>2,218,340</u>
	1,102,938	1,203,750
Land	<u>507,988</u>	<u>507,988</u>
	<u>\$ 1,610,926</u>	<u>\$ 1,711,738</u>

Loan costs:

Loan costs are amortized over the term of the loans on a straight-line basis. Amortization on loan costs amounted to \$ 2,406 and \$ 3,114 for the years ended September 30, 2007 and 2006, respectively.

Donated services, facility use and contributed property:

The Association pays for most services requiring specific expertise. However, a number of other volunteers have donated significant amounts of their time. Because of the difficulty in determining the number of hours for such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are reflected in the financial statements as revenue and expenses at their fair value. For the year ended September 30, 2007 and 2006, the Association recorded \$ 121,872 and \$ 182,808, respectively, in donated educational services which related to its Adult Services Program. The Association also recorded \$ 12,000 as the fair value of facility use which related to its Child Services Program in 2007 and 2006.

Revenue recognition:

Client service revenue is recognized when the services are provided. Amounts received but unearned are recorded as deferred revenue. Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred.

Functional expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated over the program and supporting services benefitted.

Income Taxes:

The Association is a not-for-profit organization, exempt from tax under Internal Revenue Code 501(c)(3), therefore, no tax provision has been made in the accompanying financial statements.

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint costs of fundraising appeals:

The Association utilizes various pamphlets, brochures, and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Cash and cash equivalents:

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Association occasionally maintains cash balances with financial institutions which exceed federally insured amounts.

Allowance for doubtful accounts:

Management periodically reviews the accounts receivable balance and provides an allowance for accounts which may be uncollectible. At September 30, 2007 and 2006, management has provided for an allowance for doubtful accounts of \$ 101,100 and \$ 75,600, respectively.

Use of estimates:

The presentation of financial statements in conformity with 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - GRANTS AND GOVERNMENTAL CONTRACTS FOR ASSOCIATION OPERATIONS

Funding agreements for services to be provided are entered into on an annual basis. The release of funds are subject to monies being made available by the federal government, Florida legislature, and other contracting agencies. Certain of these agreements may be terminated by either party with thirty days written notice.

Program expenditures made by the Association are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Association to offset amounts which would otherwise be repayable based on audits.

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 4 - DEBT

Debt at September 30, 2007 and 2006, consisted of the following:

	<u>2007</u>	<u>2006</u>
Mortgage payable to bank in monthly installments of \$ 5,556, including interest at a fixed rate of 6.75% until October 2013, at which time the remaining principal balance of \$ 487,374 is due. The note is collateralized by real property located at 5555 Biscayne Boulevard, Miami, Florida.	\$ 648,884	\$ 670,345
Revolving line of credit, bearing interest at one half percent above the prime rate (9.25% at September 30, 2007), payable in monthly installments of interest only through August 2008. The maximum amount of borrowings outstanding may not exceed \$ 500,850. The note is collateralized by certain accounts receivable, property and equipment.	483,247	182,047
Mortgage note payable to a bank in monthly installments of \$ 1,488, including interest at a fixed rate of 8.50% and maturing in February 2018. The note is collateralized by real property located at 712 S.W. Krome Terrace; Homestead, Florida.	122,414	129,395
Note payable to a bank in monthly installments of \$ 3,120, including interest at a fixed rate of 7.60% and maturing in July 2008. The note is collateralized by certain accounts receivable, property and equipment.	30,095	63,804
Mortgage note payable to a bank in monthly installments of \$ 916, including fluctuating interest at 3.25% over the one-year Treasury Index, adjusted annually (8.13% at September 30, 2007) and maturing in February 2012. The note is collateralized by real property located at 10810 S.W. 145th Place; Miami, Florida.	40,492	48,347
Mortgage note payable to a bank in monthly installments of \$ 1,205, including fluctuating interest at 2.50% over the one-year Treasury Index, adjusted annually (7.38% at September 30, 2007) and maturing in February, 2012. The note is collateralized by real property located at 15023 S.W. 149th Court, Miami, Florida.	33,627	46,136
Note payable to a bank in monthly installments of \$ 516, including interest at a fixed rate of 6.9% and maturing in March 2010. This note is collateralized by certain automotive equipment.	14,154	19,165

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 4 - DEBT (continued)

	<u>2007</u>	<u>2006</u>
Note payable to a bank in monthly installments of \$ 502, including interest at a fixed rate of 5.25% and maturing in February 2009. The note is collateralized by certain automotive equipment.	8,203	13,578
Installment contract payable to State of Florida at \$ 464 per month, including interest at 8.25%, through May 2002, and at lesser amounts thereafter until January 2008. These obligations are collateralized by certain real property.	<u>1,431</u>	<u>3,983</u>
	<u>1,382,547</u>	<u>1,176,800</u>
Less current portion	<u>578,882</u>	<u>276,989</u>
	<u>\$ 803,665</u>	<u>\$ 899,811</u>

Future debt principal payments in the aggregate are approximately as follows:

<u>Year ending September 30</u>		<u>2007</u>		<u>2006</u>
2007	\$	--	\$	277,000
2008	\$	578,900	\$	93,600
2009	\$	66,300	\$	63,800
2010	\$	57,300	\$	56,900
2011	\$	49,800	\$	48,200
2012	\$	42,000	\$	42,000
Thereafter	\$	588,300	\$	637,300

NOTE 5 - LEASE COMMITMENT

The Association leases operating space for a monthly rental payment of \$ 2,500, with a \$ 5,000 annual increase every two years, until the lease expires in February, 2010. The lease contains the right to terminate with a 90-day written notice. The lease contains a renewal for two additional five-year options under the same terms and conditions, except the rental amount to be negotiated. The Association also leases space for a monthly rental payment of approximately \$ 8,400. This lease contains a one-year renewal option. In addition, the Association leases space for a monthly rental payment of approximately \$ 9,900. The Association also leases storage space on a month-to-month basis of \$ 200 per month. Rent expense approximated \$ 200,000 and \$ 150,000 for the years ended September 30, 2007 and 2006, respectively.

ASSOCIATION FOR RETARDED CITIZENS,
SOUTH FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 5 - LEASE COMMITMENT (continued)

Approximate future minimum lease payments required for these leases as of September 30, 2007 are as follows:

<u>Year ending September 30</u>	<u>2007</u>
2008	\$ 233,100
2009	\$ 109,200
2010	\$ 65,300
Thereafter	NONE

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Association offers all employees a tax sheltered annuity under Internal Revenue Code Section 403(b). The employee is allowed to contribute up to a maximum of 20% of their annual gross wages, subject to certain limitations. No contributions are made by the Association to this plan.

NOTE 7 - RELATED PARTY AND AFFILIATES

The Association has a financial relationship with another Not-For-Profit Organization named Guardianship and Case Management Services, Inc. (GCMS). This Organization is appointed by the probate court as guardian for certain individuals in the community and acts as a trustee for other individuals. The staff of the Association performs the service necessary to meet the needs of these individuals and the fees from GCMS are recognized by the Association as service revenue.

The Association is related to Sandor Wiener School of Opportunity, Inc. (the Schools) through common board members and management. During the year, the Association paid various expenses on behalf of the Schools related to employee benefits, rent, and certain other operating expenses of the Schools as they were incurred. Total employee benefits attributable to this transaction totaled approximately \$ 71,184 and \$ 158,424 as of September 30, 2007 and 2006, respectively. Amount still due to the Association in connection with these expenses as of September 30, 2007 and 2006 is \$ 205,111 and \$ 129,413, respectively.

NOTE 8 - SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Other Cash Flow Information:

	<u>2007</u>	<u>2006</u>
Cash received during the year for - Interest	\$ 884	\$ 1,020
Cash paid during the year for - Interest	\$ 99,034	\$ 101,504

COMPLIANCE AND INTERNAL CONTROLS



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**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 GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Association for Retarded Citizens, South Florida, Inc.
Miami, Florida

We have audited the financial statements of the Association for Retarded Citizens, South Florida, Inc. (a not-for-profit organization) as of and for the year ended September 30, 2007, and have issued our report thereon dated March 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Association for Retarded Citizens, South Florida, Inc.'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 the Association for Retarded Citizens, South Florida, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

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

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

Association for Retarded Citizens, South Florida, Inc.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association for Retarded Citizens, South Florida, Inc.'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.

We noted certain matters that we reported to management of the Association for Retarded Citizens, South Florida, Inc. in a separate letter dated March 26, 2008.

This report is intended solely for the use of the Board of Directors, management, audit committee, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 26, 2008