



# Miami-Dade County Public Schools

*giving our students the world*

## Superintendent of Schools

Alberto M. Carvalho

## Miami-Dade County School Board

Agustin J. Barrera, Chair

Perla Tabares Hantman, Vice Chair

Renier Diaz de la Portilla

Evelyn Langlieb Greer

Dr. Wilbert "Tee" Holloway

Dr. Martin Karp

Ana Rivas Logan

Dr. Marta Pérez

Dr. Solomon C. Stinson

November 21, 2008

Dade Marine Institute, Inc.  
Chief Operating Officer  
1820 Arthur Lamb, Jr. Road  
Miami, Florida 33149

**U.S. MAIL AND FACSIMILE**  
**(305)-361-9298**

**RE: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Thank you for providing us copies of the audited financial statements for Dade Marine Institute, Inc.

We plan to present the audited financial statements of your agency, and your written explanations for items questioned as a result of our review, to the School Board Audit Committee at its next regularly scheduled meeting: Tuesday, December 2, 2008, in room 916 of the School Board Administration Building, 1450 N.E. 2<sup>nd</sup> Avenue at 12:30 p.m. You are welcome to attend or send a representative from your school to respond to additional questions that the Audit Committee may have.

Should you have any questions, please call Mr. Jon Goodman at 305-995-1323 or Mr. Norberto Ferradaz at 305-995-1322. Thank you in advance for your cooperation.

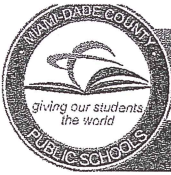
Sincerely,

Trevor L. Williams, CPA

Assistant Chief Auditor – District Audits

TLW:la

cc: Mr. Antonio Martinez



# Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
Alberto M. Carvalho

**Miami-Dade County School Board**  
Agustin J. Barrera, Chair  
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Dr. Martin Karp  
Ana Rivas Logan  
Dr. Marta Pérez  
Dr. Solomon C. Stinson

November 3, 2008

Dade Marine Institute, Inc.  
Chief Operating Officer  
1820 Arthur Lamb, Jr. Road  
Miami, Florida 33149

**U.S. MAIL AND FACSIMILE**  
**(305)-361-9298**

**RE: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Thank you for providing us copies of the audited financial statements for Dade Marine Institute, Inc.

Upon review, we noted total expenses increased to \$2,714,538 from \$2,489,814, resulting in net operating losses that increased to \$377,202 from \$120,518 last year. Please provide us a written explanation by November 19, 2008, as to how this deficit is being funded and your plans to reverse the negative financial trend.

We plan to present the audited financial statements of your agency, and your written explanations, to the School Board Audit Committee at its next regularly scheduled meeting: Tuesday, December 2, 2008, in room 916 of the School Board Administration Building, 1450 N.E. 2<sup>nd</sup> Avenue at 12:30 p.m. You are welcome to attend or send a representative from your school to respond to questions that the Audit Committee may have.

Should you have any questions, please call Mr. Jon Goodman at 305-995-1323 or Mr. Norberto Ferradaz at 305-995-1322. Thank you in advance for your cooperation.

Sincerely,

Trevor L. Williams, CPA  
Assistant Chief Auditor – District Audits

TLW:la

cc: Mr. Antonio Martinez

**Dade Marine  
Institute, Inc.**

**Financial Statements**

**June 30, 2008**

**(With comparative financial  
information for 2007)**

**DADE MARINE INSTITUTE, INC.**  
**Contents**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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## Independent Auditors' Report

The Board of Trustees  
Dade Marine Institute, Inc.

We have audited the accompanying statement of financial position of Dade Marine Institute, Inc. as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Dade Marine Institute, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The summarized comparative financial information for 2007 has been derived from the financial statements of Dade Marine Institute, Inc. as of and for the year ended June 30, 2007, and, in our report dated September 10, 2007 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Dade Marine Institute, Inc. as of June 30, 2008, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2008 on our consideration of Dade Marine Institute, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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 read in conjunction with this report in considering the results of our audit.

*Cross Fernandez & Riley LLP*

Certified Public Accountants

August 29, 2008

**DADE MARINE INSTITUTE, INC.**  
**Statement of Financial Position**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 63,962	\$ 172,258
Accounts receivable		
Funding agencies	62,086	-
Other	350	70
Prepaid expenses and other	43,618	38,877
Due from AMI and affiliated institutes	246,886	500,935
Property and equipment, net	808,187	833,528
Total assets	<u>\$ 1,225,089</u>	<u>\$ 1,545,668</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 6,102	\$ 6,787
Accrued expenses	71,418	54,050
Due to AMI and affiliated institutes	24,359	39,066
Deferred revenues	64,524	-
Long-term debt	12,532	22,409
Total liabilities	<u>178,935</u>	<u>122,312</u>
<b>Net assets:</b>		
Unrestricted	995,735	1,390,212
Temporarily restricted	50,419	33,144
Total net assets	<u>1,046,154</u>	<u>1,423,356</u>
Total liabilities and net assets	<u>\$ 1,225,089</u>	<u>\$ 1,545,668</u>

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

**DADE MARINE INSTITUTE, INC.**  
**Statement of Activities**  
**Year Ended June 30, 2008**  
**(With summarized financial information for 2007)**

	Unrestricted	Temporarily Restricted	Totals	
			2008	2007
<b>Public support and revenue:</b>				
Public support:				
State grants	\$ 1,072,436	\$ -	\$ 1,072,436	\$ 1,083,765
Regional revenue	1,098,642	-	1,098,642	994,904
Contributions	59,967	97,075	157,042	150,062
Total public support	2,231,045	97,075	2,328,120	2,228,731
Revenue:				
Boat program	-	-	-	109,375
Interest income	7,720	1,467	9,187	14,966
Other	29	-	29	16,224
Total revenue	7,749	1,467	9,216	140,565
Net assets released from restrictions	81,267	(81,267)	-	-
Total public support and revenue	2,320,061	17,275	2,337,336	2,369,296
<b>Expenses:</b>				
Marine program	2,645,303	-	2,645,303	2,424,777
Management and general	69,235	-	69,235	65,037
Total expenses	2,714,538	-	2,714,538	2,489,814
<b>Change in net assets</b>	(394,477)	17,275	(377,202)	(120,518)
Net assets, beginning of year	1,390,212	33,144	1,423,356	1,543,874
Net assets, end of year	\$ 995,735	\$ 50,419	\$ 1,046,154	\$ 1,423,356

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

**DADE MARINE INSTITUTE, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2008**  
**(With summarized financial information for 2007)**

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	<b>Marine Program</b>	<b>Management and General</b>	<b>Totals</b>	
			<b>2008</b>	<b>2007</b>
Salaries	\$ 1,554,973	\$ -	\$ 1,554,973	\$ 1,399,287
Employee benefits and payroll taxes	353,769	-	353,769	326,389
Travel	18,779	-	18,779	21,568
Conferences and training	59,602	-	59,602	47,234
Books and publications	1,530	-	1,530	140
Rent and utilities	83,503	2,771	86,274	81,192
Insurance	72,391	-	72,391	73,060
Telephone	24,680	-	24,680	26,691
Professional fees	2,200	6,880	9,080	8,529
Postage	-	3,346	3,346	3,288
Student supplies and training	195,883	13,092	208,975	226,076
Community development	2,751	-	2,751	11,942
Equipment and maintenance	66,133	24,520	90,653	101,020
Interest	1,403	-	1,403	2,149
Depreciation	153,652	-	153,652	132,692
Other	54,054	18,626	72,680	28,557
Total expenses	<u>\$ 2,645,303</u>	<u>\$ 69,235</u>	<u>\$ 2,714,538</u>	<u>\$ 2,489,814</u>

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



**DADE MARINE INSTITUTE, INC.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2008**  
**(With comparative financial information for 2007)**

	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (377,202)	\$ (120,518)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	153,652	132,692
Loss on disposal of property and equipment	(100)	-
Donated land, building and equipment	-	(7,668)
(Increase) decrease in:		
Accounts receivable	(62,366)	65,089
Prepaid expenses and other	(4,741)	(671)
Due from AMI and affiliated institutes	254,049	33,837
Increase (decrease) in:		
Accounts payable	(685)	6,787
Accrued expenses	17,368	15,240
Deferred revenues	64,524	-
Due to AMI and affiliated institutes	(14,707)	11,069
Net cash provided by operating activities	<u>29,792</u>	<u>135,857</u>
<b>Cash flows from investing activities:</b>		
Proceeds from Sale of Property	100	-
Purchases of property and equipment	(128,311)	(28,620)
Net cash used in investing activities	<u>(128,211)</u>	<u>(28,620)</u>
<b>Cash flows from financing activities:</b>		
Payments on long-term debt	(9,877)	(9,136)
Net increase (decrease) in cash and cash equivalents	(108,296)	98,101
Cash and cash equivalents at beginning of year	172,258	74,157
Cash and cash equivalents at end of year	<u>\$ 63,962</u>	<u>\$ 172,258</u>
<b>Cash paid for interest</b>	<u>\$ 1,403</u>	<u>\$ 2,149</u>

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

**DADE MARINE INSTITUTE, INC.**  
**Notes to Financial Statements**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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**1. Summary of Significant Accounting Policies**

**Organization**

Dade Marine Institute, Inc. (the "Institute"), a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Institute is engaged in the rehabilitation of delinquent youth by providing education, training, discipline and productive work in a marine environment. These services are performed by the Institute, which is one of over fifty-five affiliated, but independently governed member institutes and schools located in Florida, South Carolina, Louisiana, Virginia, Georgia, Texas, Pennsylvania, and Illinois. Associated Marine Institutes, Inc. ("AMI"), is the sole member of the Institute. AMI is located in Florida and executes the contracts, collects funds, coordinates the operations and manages the record keeping of these member institutes and schools. The Institute's operating funds are primarily generated from state contracts, local funds and contributions. Continued operation of the Institute's rehabilitation program is dependent on funding continued funding from AMI's state contracts and local agencies as well as financial and other support from AMI.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the 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 may differ from such estimates and such differences could be material.

**Basis of Presentation**

The accompanying financial statements are presented on the accrual basis of accounting. Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

Unrestricted net assets consist of amounts that are available for use in carrying out the activities of the Institute. Temporarily restricted net assets represent those amounts, which are not available until future periods or are donor restricted for specific purposes.

**Cash and Cash Equivalents**

Cash and cash equivalents represent cash and short-term, highly liquid investments with original maturities of three months or less.

Cash is maintained in bank deposit accounts, which at times may exceed federally insured limits. The Institute believes it is not exposed to any significant credit risk in these accounts.

**Accounts Receivable**

Accounts receivable consists primarily of receivables from state agencies and county school boards. The Institute considers its accounts receivable to be fully collectible and therefore, has not recorded an allowance for doubtful accounts. Amounts becoming uncollectible will be charged to operations when that determination is made.

**DADE MARINE INSTITUTE, INC.**  
**Notes to Financial Statements**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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**Property and Equipment**

Property and equipment are stated at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Property and equipment transferred to the Institute by a state-funding agency are stated at estimated fair value at date of transfer. Property transferred or acquired with grant funds may revert to the state should the Institute no longer provide the rehabilitation services required by the state contract. At the time property is retired, or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings. Repairs and maintenance are expensed when incurred. Depreciation and amortization is calculated using the straight-line method over the following estimated useful lives of the assets:

Permanent site improvements	5 years
Buildings and improvements	5-20 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3 years
Boats, motors and trailers	3 years

**Impairment of Long-Lived Assets**

The Institute reviews all long-lived assets, which consist primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows.

**Use of Facilities**

Facilities provided by a funding agency to the Institute are for use during the term of its contract and are recorded as an in-kind contribution and rental expense in the financial statements in the period in which the facilities are utilized by the Institute. The amounts recorded in each period of use by the Institute represent the difference between the fair rental value of the facilities and the stated amount of the rent payments. The stated amount of the rent payments is generally zero. In-kind rental contributions and the related rental was \$34,200 for the years ended June 30, 2008 and 2007, respectively, and are reflected as contribution revenue and rent and utilities expense, respectively, in the accompanying financial statements.

**Public Support and Revenue**

Public support is primarily from AMI's contracts with various state agencies. Contracts with state agencies generally provide funding based on client service days. Other public support represents amounts received from federal and local sources, including county school boards and other contributions.

A significant portion of AMI's and the Institute's grants and contracts are exchange transactions in which each party receives and sacrifices commensurate value. Funds from these exchange transactions are not considered contributions and, as such, are not subject to the provisions of Statement of Financial Accounting Standards No. 116 and are deemed to be earned and reported as revenue when such funds have been expended towards the designated purpose.

**DADE MARINE INSTITUTE, INC.**  
**Notes to Financial Statements**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 statement of activities as net assets released from restrictions.

**Donated Services**

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by the individuals possessing those skills and would be typically purchased if not provided by donation. For the years ended June 30, 2008 and 2007, donated services recorded in the financial statements were not material to the financial statements.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity.

**Income Taxes**

Dade Marine Institute, Inc is exempt from income tax under section 501 (c) (3) of the Internal Revenue Code.

**Summarized Financial Information for 2007**

The financial information for the year ended June 30, 2007 is presented for comparative purposes and is not intended to be a complete presentation.

**DADE MARINE INSTITUTE, INC.**  
**Notes to Financial Statements**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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**2. Property and Equipment**

Property and equipment at June 30, 2008 and 2007 consists of:

	<u>2008</u>	<u>2007</u>
Land and permanent site improvements	\$ 27,650	\$ 27,650
Building and leasehold improvements	1,934,429	1,922,529
Furniture, fixtures and equipment (including capitalized lease obligations of \$46,552)	230,567	158,732
Motor vehicles	44,189	59,443
Boats, motors and trailers	125,787	125,787
	<u>2,362,622</u>	<u>2,294,141</u>
Less accumulated depreciation and amortization	(1,554,435)	(1,460,613)
	<u>\$ 808,187</u>	<u>\$ 833,528</u>

**3. Long Term Debt**

Long-term debt at June 30, 2008 and 2007 consists of:

	<u>2008</u>	<u>2007</u>
Note payable in monthly installments of \$940 including interest at 7.82%, due July 2009, capitalized lease obligation related to equipment	<u>\$ 12,532</u>	<u>\$ 22,409</u>

Annual maturities of debt are as follows:

<b>Year ended June 30,</b>	
2009	\$ 10,677
2010	1,855
	<u>\$ 12,532</u>

**4. Restricted Net Assets**

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Education/scholarship	\$ 24,104	\$ 23,823
Scuba equipment	10,000	-
Other	16,315	9,321
	<u>\$ 50,419</u>	<u>\$ 33,144</u>

**DADE MARINE INSTITUTE, INC.**  
**Notes to Financial Statements**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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Net assets were released from donor restrictions during 2008 and 2007 by occurrence of events specified by donors as follows:

	<u>2008</u>	<u>2007</u>
Education/scholarship	\$ 1,186	\$ 17,825
Building/ Equipment	173	-
Mental health services	60,000	40,000
Other	19,908	24,124
	<u>\$ 81,267</u>	<u>\$ 81,949</u>

**5. Related Party Transactions**

As stated in Note 1, AMI executes the contracts, collects funds, coordinates the operations and manages the record keeping of the Institute. For providing these and other services, AMI retained \$189,254 and \$191,253 from state contracts in fiscal 2008 and 2007, respectively, which are not included in the accompanying financial statements. Amounts to be retained are determined by AMI management.

The Institute periodically enters into transactions with AMI and affiliated institutes for intercompany billings of common costs and services received or rendered. The Institute may also enter into other financing transactions with AMI. These amounts are non-interest bearing and have no maturity date or collateral.

Due from AMI and affiliated institutes at June 30, 2008 and 2007 consists of:

	<u>2008</u>	<u>2007</u>
Affiliate trade receivables	\$ 246,886	\$ 500,935

Due to AMI and affiliated institutes at June 30, 2008 and 2007 consists of:

	<u>2008</u>	<u>2007</u>
Affiliate trade payables	\$ 24,359	\$ 39,066

**6. Pension Plan**

AMI maintains a noncontributory defined contribution money purchase pension plan covering all full-time employees who have completed two years of service and have attained the age of 20 1/2 years. Contributions to the plan are based on a percentage of each employee's compensation for the year. The pension expense for the years ended June 30, 2008 and 2007 totaled \$43,734 and \$48,921, respectively.

**DADE MARINE INSTITUTE, INC.**  
**Notes to Financial Statements**  
**June 30, 2008**  
**(With comparative financial information for 2007)**

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**7. Contingencies**

A substantial portion of AMI and the Institute's public support is derived from programs supported by various funding agencies. Under the terms of the agreements with these funding agencies, AMI and the Institute's financial records are subject to audit by the appropriate governmental authorities. Depending upon the results of these audits, if any, funds may be required to be refunded to the appropriate funding agency. In the opinion of AMI and the Institute's management, no public support funds will be required to be refunded. Accordingly, no provision for such contingency has been made in these financial statements.

The Institute is subject to various claims and legal proceedings, which arise in the ordinary course of business. The Institute does not believe that these matters will have a material adverse effect on its financial position or operating activities.

**8. Regional Revenues**

Included in Regional revenues are revenues from the Miami-Dade County School system related to services provided by the Institute.

Total received for the year ended June 30, 2008	\$730,227
Total expended through the year June 30, 2008	\$730,227



## **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**

The Board of Directors  
Dade Marine Institute, Inc.

We have audited the financial statements of Dade Marine Institute, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated August 29, 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 Dade Marine Institute, 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 Dade Marine Institute, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dade Marine Institute, Inc.'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dade Marine Institute, 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



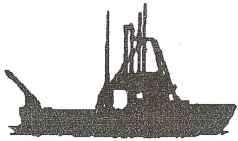
disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization 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.

Cross Fernandez & Riley LLP

Certified Public Accountants

August 29, 2008



# DADE MARINE INSTITUTES



**D.M.I. - South**  
**William E. Gladstone Campus**  
1820 Arthur Lamb Jr. Road  
Miami, Florida 33149  
(305) 361-7934  
(305) 361-9298/Fax

**D.M.I. - North**  
**Oleta River Campus**  
2701 N.E. 151st Street  
N. M. B., Florida 33160  
(305) 944-1960  
(305) 945-7754/Fax

**DATE:** November 10, 2008  
**TO:** Trevor Williams, CPA  
Assistant Chief Auditor - District Audits  
**FROM:** Casandra Alpert, DMIN Executive Director  
**REF:** Operating Losses

**BOARD OF TRUSTEES**

**OFFICERS**

*Craig Milan*  
Chairman

*Scott Perdigon*  
President

*Alfredo Pedrosa*  
Secretary/Treasurer

**BOARD MEMBERS**

- Mitchell Bloomberg*
- Luis de Armas*
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- Bill Myers*
- Marlene Neimeier*
- O.B. Stander*
- Ricardo Valdivia*
- V.T. Williams*

**A PRIVATE NON-PROFIT**  
**501(c)(3) ORGANIZATION**  
in  
partnership  
with

*Florida Department*  
*of*  
*Juvenile Justice*

*School Board*  
*of*  
*Miami-Dade County*

*United Way*  
*of*  
*Miami-Dade County*

In response to your letter of November 3, 2008 concerning the increase in operating losses from FY07 to FY08, the following is a list of FY08 Issues and how they were addressed as well as fiscal remedies for the coming year.

Issues:

DMI's FY08 budget made some revenue assumptions that included DJJ supplemental funding from MDCPS which, we learned later in the year, was being applied to the district in a different fashion than planned resulting in a budget shortfall of almost \$100K. DMI also used enrollment figures that were somewhat ambitious based on the past year's history. This resulted in a significant MDCPS revenue shortfall for FY08.

Issues Addressed:

DMI was able to use its reserve account of \$258K to address its shortfall in operating cash in FY08 which had been generated over past years through fundraising and other sources apart from MDCPS funding. The remainder of the deficit came from the DMI fund balance.

Remedies for FY09

1. DMI has been able to steadily increase its enrollment numbers to the point that it is currently carrying 13 more students than it had budgeted. This trend is expected to continue through the year.
2. DMI has eliminated a total of 5 non-instructional staff. Total savings in salary and benefits will be approximately \$195K.

**"Teaching Our Troubled Youth to Stay on Course"**

3. DMI has made several grant applications through local foundations in support of Dept. of Juvenile Justice operational expenses. Grants totaling \$85K have already been awarded for FY09.
4. Executive Directors of both Miami DMI programs have focused on reducing operational expenses by changing to less expensive vendors and by identifying expenses that can be reduced or eliminated without affecting point of service.
5. DMI has also made a point of improving its data collection for the National School Lunch Program so that reimbursements for meal expenses can be maximized.

Summary

Program budgets for FY09 used FY08 history for revenue and expense projections. Student enrollment expectations were very conservative and staff positions had to be eliminated to produce a workable budget. This, combined with student enrollment that is already over 11% higher than expected and the award of grant funds will allow DMI directors to achieve a zero balance budget or one with a slight net asset balance increase to end FY09.

C. Alpert  
Casandra Alpert  
Executive Director, DMIN

11/20/08  
Date