

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS

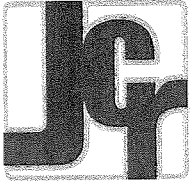
FOR THE YEARS ENDED

JUNE 30, 2009 AND 2008

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

TABLE OF CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Special Purpose Financial Statements	5-11
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	12-13
SCHEDULE OF FINDINGS	14-15
MANAGEMENT LETTER IN ACCORDANCE WITH SECTION 10.850, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	16-17



Jordan Castellon Ricardo P.L.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Academy of Arts and Minds Charter High School
Miami, Florida

We have audited the accompanying special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy") as of and for the fiscal years ended June 30, 2009 and 2008, as listed in the table of contents. These special purpose financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

As explained in Note 2 to the special purpose financial statements, the financial statements being presented are only for the Academy. The financial statements, disclosures, and account classifications are presented pursuant to the accounting regulations promulgated by Miami-Dade County Public Schools. The special purpose financial statements do not include the statements of financial position, activities, and cash flows of Acting for All, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of Acting for All, Inc. as of June 30, 2009 and 2008, or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with special purpose financial statements as required by the Miami-Dade County Public Schools.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2009, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

September 11, 2009

Certified Public Accountants & Consultants



ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash	\$ 43,333	\$ 67
Due from Miami-Dade County School Board - State of Florida Capital Outlay Distribution	16,379	38,373
Contribution receivable	75,000	-
Prepaid insurance	-	6,489
Security deposit	24,000	24,000
Net property and equipment	<u>58,481</u>	<u>74,450</u>
 TOTAL ASSETS	 <u>\$ 217,193</u>	 <u>\$ 143,379</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 153,093	\$ 106,517
Advances from related parties	<u>-</u>	<u>27,500</u>
 TOTAL LIABILITIES	 153,093	 134,017
 NET ASSETS		
Unrestricted	<u>64,100</u>	<u>9,362</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 217,193</u>	 <u>\$ 143,379</u>

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUES		
Governmental funding - State and Local	\$ 2,459,651	\$ 2,736,502
Other local sources	127,140	199,212
Contributions	522,500	255,000
TOTAL SUPPORT AND REVENUES	<u>3,109,291</u>	<u>3,190,714</u>
EXPENSES		
Instruction	1,213,639	1,149,936
Pupil personnel services	46,489	35,688
Instructional media service and curriculum development	11,686	81,614
Board	13,500	13,500
School administration	319,318	319,022
Fiscal services	30,500	18,865
Central services	108,270	122,138
Operation of plant	1,150,400	1,169,860
Food services	28,045	38,492
Depreciation and amortization	23,136	22,609
Interest	7,033	-
Student activities	102,537	218,157
TOTAL EXPENSES	<u>3,054,553</u>	<u>3,189,881</u>
INCREASE IN UNRESTRICTED NET ASSETS	54,738	833
NET ASSETS, BEGINNING OF YEAR	<u>9,362</u>	<u>8,529</u>
NET ASSETS, END OF YEAR	<u>\$ 64,100</u>	<u>\$ 9,362</u>

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	<u>\$ 54,738</u>	<u>\$ 833</u>
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	23,136	22,609
Advances from related parties converted to contributions	(27,500)	-
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	21,994	(5,283)
Increase in contributions receivable	(75,000)	-
Decrease (increase) in prepaid insurance	6,489	(6,489)
Increase (decrease) in accounts payable and accrued expenses	<u>46,576</u>	<u>(3,413)</u>
TOTAL ADJUSTMENTS	<u>(4,305)</u>	<u>7,424</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 50,433	 8,257
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,167)	(15,294)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from line of credit of Parent	<u>-</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	 43,266	 (7,037)
 CASH , BEGINNING OF YEAR	 <u>67</u>	 <u>7,104</u>
 CASH, END OF YEAR	 <u>\$ 43,333</u>	 <u>\$ 67</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 7,033</u>	<u>\$ -</u>

NONCASH INVESTING AND FINANCING ACTIVITIES:

During the fiscal year ended June 30, 2009, the Academy was forgiven debt in the form of advances from related parties in the amount of \$27,500. These transactions were recorded by the Academy as contributions revenue.

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF ACTIVITIES

On November 19, 2003, the Miami-Dade County School Board approved the application submitted by the Board of Directors of Acting for All, Inc. (the “Parent”), for Academy of Arts and Minds Charter High School (the “Academy”). The Parent is a nonprofit organization incorporated under the laws of the State of Florida to provide community development, and promote special programs and events including operating a charter school organized pursuant to Section 228.056 of the Florida Statutes.

The Academy operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the “School Board”). The Academy’s charter was approved by the School Board on February 12, 2004, and is effective until June 30, 2015. The charter may be renewed for up to an additional fifteen (15) years by a mutual written agreement between the Academy and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the Academy in writing at least 90 days prior to the charter’s termination. Pursuant to Section 228.056(11)(e), Florida Statutes, the charter school contract provides that in the event the Academy is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Enrollment and Grade Configuration for the 2008-2009 school year

<u>School Name and Address</u>	<u>Grades</u>	<u>Enrollment</u>	<u>School Principal</u>
Academy of the Arts and Minds Charter High School 3138 Commodore Plaza Coconut Grove, FL 33133	9 th 10 th 11 th 12 th	65 90 83 84	William Machado

Board of Directors (Executive Committee)

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

Ruth Montaner	Chairperson and President
Jose Noy	Member
Ignacio Ortiz-Petit	Member
Cecilia S. Holloman	Member

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 1 – NATURE OF ACTIVITIES (CONTINUED)

Educational Excellence School Advisory Committee:

William Machado	Rolando Barrios
Teresa Bara	Kenny Martin
Adhar Mohamed	Natalie Milian
Manuel Alonso-Poch	Craig McMannus
Nancy Represa	Hector Rodriguez

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements, disclosures, and account classifications are presented pursuant to the accounting regulations promulgated by Miami-Dade County Public Schools. The special purpose financial statements present the statements of financial position, activities, and cash flows of the Academy of Arts and Minds Charter High School only and does not include the assets, liabilities, net assets, activities, and cash flows of Acting for All, Inc.

In addition, the accounts of the Academy are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying special purpose financial statements, funds from the Academy's programs are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*, issued by the Financial Accounting Standards Board ("FASB"). In accordance with SFAS No. 116, the recognition of contributions to the Academy, which include unconditional promises to give, is recorded as revenue in the period received or promised at their fair values. Contributions made, including unconditional promises to give, are recognized as expenses in the period made or promised at their fair values.

Under SFAS No. 117, the Academy is required to report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted, (2) temporarily restricted, and (3) permanently restricted. Temporarily restricted net assets represent those whose use has been limited (restricted) by restrictions placed either on the time period during when the assets may be used or the purposes for which the assets may be used. Permanently restricted net assets are net assets required by donor restrictions or by law to be maintained by the organization in perpetuity. Unrestricted net assets are all other net assets.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted and Unrestricted Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Property and Equipment

Property and equipment, which consist of furniture, fixtures, and equipment, are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation and amortization are provided over the estimated useful lives of the related assets, which generally range from 3 to 10 years, using primarily the straight-line method.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and Section 228.056(13), Florida Statutes, the Academy reports the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 236.081, Florida Statutes, the School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Academy is adjusted monthly during the same fiscal year to reflect the revised calculations by the FDOE under the FEFP and actual FTE students reported by the Academy during the designated full-time equivalent student survey periods.

In addition, Section 1013.62(1), Florida Statutes, establishes eligibility criteria and allocation procedures for the distribution of capital outlay funds to charter schools. Distributions from capital outlay funds are sent on a monthly basis to the sponsoring school district, which in turn remits funds to the charter schools. Capital outlay fund allocations are calculated during the fiscal year based on student membership to date and are recalculated during the fiscal year to properly reflect such data.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources (Continued)

Pursuant to Section 1013.62(2), Florida Statutes, charter school capital outlay funds may be used only for specific purposes in which the Academy has complied and expended in the same fiscal period. Such revenues are included as part of State revenues in the Statements of Activities, and further detail is shown in Note 4.

Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately \$4,500 for the fiscal year ended June 30, 2009.

Income Taxes

The Academy is not a tax paying entity. The Parent is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in these financial statements.

Management Estimates

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

NOTE 3 – PROPERTY AND EQUIPMENT

Net property and equipment consist of the following as of June 30:

	2009	2008
Furniture and fixtures	\$ 100,478	\$ 100,478
Computer equipment and software	21,371	15,897
Audio visual and other equipment	40,750	39,057
	<u>162,599</u>	<u>155,432</u>
Less: Accumulated depreciation and amortization	104,118	80,982
	<u>\$ 58,481</u>	<u>\$ 74,450</u>

Depreciation expense was \$23,136 and \$22,609 for the years ended June 30, 2009 and 2008, respectively.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 4 – SUPPORT AND REVENUES

As described in Note 2, the School Board provides operating funds from FEFP, on a monthly basis based on FTE students. Remaining support and revenue sources are generated by daily operations of the Academy from student activities and other contributions (Note 5). These amounts are included in total support and revenues in the Statements of Activities as follows for the years ended June 30:

	<u>2009</u>	<u>2008</u>
<u>Governmental Funding - State and local</u>		
Miami-Dade County School Board:		
Florida Education Finance Program	\$ 2,129,755	\$ 2,398,215
Florida Teachers Leaders	7,342	3,918
Capital Outlay	277,227	334,369
Florida School Recognition Award	45,327	-
TOTAL	<u>2,459,651</u>	<u>2,736,502</u>
 <u>Other Local Source:</u>	 127,140	 199,212
 <u>Other:</u>		
Contribution from third party (Note 5)	<u>522,500</u>	<u>255,000</u>
 TOTAL SUPPORT AND REVENUES	 <u><u>\$ 3,109,291</u></u>	 <u><u>\$ 3,190,714</u></u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The Academy had transactions with several related parties, which include the Parent, the Spokesman of the BOD (the “Spokesman”), Commodore Plaza Parking, L.C. (the “Plaza”), and an entity owned by the Spokesman. The Spokesman is not a member of the BOD. The Spokesman is the founder of the Academy. The Plaza is an entity owned by the Spokesman.

During the years ended June 30, 2009 and 2008, the Spokesman made contributions to the Academy in the amount of \$522,500 and 255,000, respectively, to be used by the Academy to fund operational expenses. At June 30, 2009, the Academy had a contribution receivable of \$75,000 from the Spokesman.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 5 – RELATED PARTY TRANSACTIONS (CONTINUED)

During the fiscal years ended June 30, 2009 and 2008, the Academy incurred food costs in the amount of approximately \$28,000 and \$38,000, from A & M Square Food Services, LLC, an entity owned by the Spokesman.

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

During the year ended June 30, 2009, the Academy received proceeds from a line of credit on which the debtor was the Parent. The Academy incurred approximately \$7,000 in interest expense under this line of credit. The Parent closed the line of credit in June 2009.

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

NOTE 6 – LEASE AGREEMENT

The Academy has a lease agreement with the Plaza. The lease term is for one year ending on June 30, 2009, with an option to extend the lease term annually through June 30, 2034. The Academy exercised its option to extend the lease term through June 30, 2010, under the same terms and conditions as the previous year.

The base rent is \$69,597 per month, plus additional rent for common area maintenance, utilities, maintenance and repairs, parking, and other assessments (“Rent Expense”).

Rent expense was approximately \$928,000 for each of the years ended June 30, 2009 and 2008.

NOTE 7 – RISK MANAGEMENT

Insurance for general liability, property coverage and other are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

NOTE 8 - RECLASSIFICATIONS

Certain amounts in the year ended June 30, 2008 special purpose financial statements presented have been reclassified to conform to the year ended June 30, 2009 special purpose financial statements presentation. These reclassifications have no effect on previously reported financial position, results of operations, and cash flows.

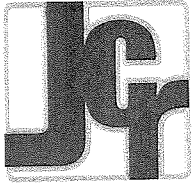
ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

NOTE 9 – PLANS FOR CONTINUED OPERATIONS

The Academy commences its sixth year of operation for school year 2009-2010. The Academy educates high school students from grades 9-12. The Academy is authorized for 500 students and its infrastructure can accommodate up to 450 students. The Academy's management believes that during the school year 2008-2009, the Academy's student population could have achieved a larger student enrollment, if more efficient and effective recruitment practices had been in place. Management believes that the Academy's performance for the three years prior to the 2008-2009 school year, showed significant and consistent yearly enrollment increases. Management believes the Academy has taken steps to improve its recruitment practices by implementing a comprehensive recruitment policy and plan. Management believes the Academy has also improved its faculty and administrative staff and should do well attracting students over the coming years given the quality of education it provides. Management believes the Academy is in an affirmative stable financial situation that ensures operations for the future.



Jordan Castellon Ricardo P.L.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Academy of Arts and Minds Charter High School

We have audited the special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy") as of and for the fiscal years ended June 30, 2009 and 2008, and have issued our report thereon dated September 11, 2009. 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 audits, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

A 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 Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with special purpose financial statements as required by the Miami-Dade County Public Schools, such that there is more than a remote likelihood that a misstatement of the Academy's financial statements that is more than inconsequential will not be prevented or detected by the Academy's internal control. Significant deficiencies are described in the accompanying Schedule of Findings as items 09-01 and 09-02.

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 Academy's internal control. We also consider item 09-01 to be a material weakness.

Certified Public Accountants & Consultants




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 or material weaknesses.

Compliance and Other Matters

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

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



Coral Gables, Florida
September 11, 2009

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009 AND 2008

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

09-01 – ACCRUAL BASIS ACCOUNTING

Observation

As a result of our audit, we noted certain transactions of the Academy were recorded in the books of record using the cash basis of accounting. As a result, certain accounts were misstated and audit adjustments were required.

Recommendation

We recommend that the Academy implement procedures and use its accounting software to its fullest capacity in order to record transactions using the accrual basis of accounting.

Managements Response

Management concurs with the auditors' recommendations and has implemented accounting procedures in order to fully utilize its accounting software to record all transactions on the accrual basis of accounting. The Academy's board of directors will also review the financial statements to monitor adherence to such accounting procedures. Management fully expects the Academy to properly implement this control procedure for the 2009-2010 school year.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
(CONTINUED)

09-02 – CONTROLS OVER CASH DISBURSEMENTS

Observation

As a result of our audit, we noted that the support for certain cash disbursements was missing the necessary signatures of the individuals responsible for authorizing payment.

Recommendation

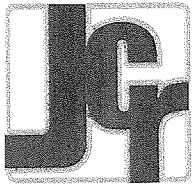
The Academy needs to emphasize to the individuals responsible for the cash disbursements process the importance of having properly documented authorization in order to prevent unauthorized or fraudulent disbursements. The Academy needs to regularly monitor this process in order to ensure that controls over authorization of disbursements are operating effectively.

Managements Response

We concur with the auditors' findings with regards to the missing signatures on the support for certain cash disbursements. It appears that on such disbursements, the individuals responsible for authorization inadvertently left out signatures documenting approval. However, management believes that all cash disbursements were authorized and is not aware of any unauthorized cash disbursements. Management believes that all cash disbursements issued included the necessary support, such as check requisitions, invoices, bills, receipts, and other support, which management deems necessary in order to authorize payment. Management has emphasized the importance of having properly documented authorization to all involved in the process. Management has implemented control procedures over the documentation of the authorization of cash disbursements that require the individuals responsible for executing disbursements to ensure that all support is signed and dated, thereby documenting evidence of authorization. Management fully expects the Academy to properly implement this control procedure for the 2009-2010 school year.

PRIOR YEAR FINDINGS

None



Jordan Castellon Ricardo P.L.

MANAGEMENT LETTER IN ACCORDANCE WITH SECTION 10.850,
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Directors
Academy of Arts and Minds Charter School

We have audited the special purpose financial statements of the Academy of Arts and Minds Charter School (the "Academy") as of and for the fiscal years ended June 30, 2009 and 2008, and have issued our report thereon date September 11, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also issued our report on internal control over financial reporting and on compliance and other matters, which is dated September 11, 2009 and should be considered in conjunction with this management letter.

Additionally, our audits were conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter. Those items, as outlined in Section 10.854, are as follows:

In connection with our audits of the special purpose financial statements of the Academy for the fiscal year ended June 30, 2009 and 2008, we report the following in accordance with Chapter 10.850 Rules of Auditor General, Charter School Audits which requires that this report specifically address, but not be limited to, the matters outlined in Rule 10.854(1)(d):

1. A statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding audit of the special purpose financial statements.

This is not applicable as there were no significant findings or recommendations issued in the preceding audit of the special purpose financial statements.

2. A statement as to whether the School has met one or more of the conditions described in Section 218.503(1) Florida Statutes, and identification of the specific conditions.

The Academy has not met one or more of the conditions described in Section 215.503(1) Florida Statutes.



3. Recommendations to improve the Academy's present financial management accounting procedures and internal controls.

The recommendations to improve the Academy's present financial management accounting procedures and internal controls are described in the accompanying Schedule of Findings.

4. Matters that are not clearly inconsequential considering both quantitative and qualitative factors, including the following:
 - a. Violations of laws, rules, regulations and contractual provisions or abuse that:
 - i. have occurred, or are likely to have occurred,
 - ii. that were discovered within the scope of the financial audit and,
 - iii. may or may not have materially affected the special purpose financial statements.

No such conditions were noted during the audit.

5. The name or official title of the Academy.

The name and official title of the Academy are disclosed in the accompanying special purpose financial statements.

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



Coral Gables, Florida
September 11, 2009