

**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Cash Flows	5
Notes to Special Purpose Financial Statements	6-13
COMBINING SPECIAL PURPOSE FINANCIAL STATEMENTS	
Combining Statement of Financial Position	14-15
Combining Statement of Activities	16-17
Combining Statement of Cash Flows	18-19
SUPPLEMENTARY AUDITORS' REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20-21
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	22-23
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROGRAMS	24
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	25
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	26-27
SCHEDULE OF FINDINGS AND RECOMMENDATIONS	28-31



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.  
Miami, Florida

We have audited the accompanying special purpose financial statements of ASPIRA Youth Leadership Charter School, ASPIRA South Youth Leadership Charter School and ASPIRA Eugenio Maria De Hostos Charter School (the "Schools") 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 Schools' management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control over financial reporting. Accordingly, we express no such opinion. 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.

As explained in Note 1 to the special purpose financial statements, the financial statements being presented are only for the three schools referred to above, which are programs of ASPIRA of Florida, Inc. The special purpose financial statements do not include the statement of financial position, activities and cash flows of ASPIRA of Florida, Inc. (a not-for-profit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of ASPIRA of Florida, 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 Schools as of June 30, 2009 and 2008, and the results of their operations and cash flows for the fiscal 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 a report dated August 28, 2009 on our consideration of the Schools' internal control over financial reporting and our tests of 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 read in conjunction with this report in considering the results of our audit.

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

Our audit was made for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying combining special purpose financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the special purpose financial statements. The accompanying schedule of expenditures of federal awards programs is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the special purpose financial statements of the Schools. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special purpose financial statements taken as a whole.

*Albano Estellano & Estellano LLP*

Coral Gables, Florida  
August 28, 2009

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	June 30,	
	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current assets:		
Due from the Miami-Dade County School Board		
-State of Florida Capital Outlay Distribution	\$ 187,829	\$ 555,953
Due from ASPIRA of Florida, Inc.	<u>1,743,270</u>	<u>1,491,094</u>
Total current assets	<u>1,931,099</u>	<u>2,047,047</u>
Capital Assets, Net	<u>1,392,068</u>	<u>966,236</u>
Total assets	<u>\$ 3,323,167</u>	<u>\$ 3,013,283</u>
<u>LIABILITIES</u>		
Current liabilities:		
Due to ASPIRA of Florida, Inc.	\$ 431,226	\$ 503,694
Current portion of capital lease	<u>27,837</u>	<u>-</u>
Total current liabilities	<u>459,063</u>	<u>503,694</u>
Long-term liabilities:		
Compensated absences	50,739	-
Capital lease	<u>68,253</u>	<u>-</u>
Total long-term liabilities	<u>118,992</u>	<u>-</u>
<u>NET ASSETS</u>		
Temporarily restricted	154,546	505,313
Unrestricted	<u>2,590,566</u>	<u>2,004,276</u>
Total net assets	<u>2,745,112</u>	<u>2,509,589</u>
Total liabilities and net assets	<u>\$ 3,323,167</u>	<u>\$ 3,013,283</u>

See notes to special purpose financial statements.

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINED STATEMENTS OF ACTIVITIES

FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	June 30,	
	2009	2008
<u>Changes in Unrestricted Net Assets</u>		
Support and revenue		
Local	\$ 6,220,163	\$ 5,573,016
Federal grants	1,195,939	1,052,545
Local grants	92,407	110,632
In-kind	-	188,005
Other	199,672	211,776
Interest	25,704	65,015
Total revenues	7,733,885	7,200,989
Net assets released from restrictions		
Satisfaction of program restrictions	975,958	610,307
Total net assets released from restrictions	975,958	610,307
	8,709,843	7,811,296
Expenses:		
Instruction (Teachers)	3,565,635	3,599,647
Pupil personnel services	274,541	315,982
Instructional media service	44,546	84,577
Instructional and curriculum development services	2,975	26,971
General administration	342,226	409,931
School administration	758,686	696,744
Fiscal services	71,088	19,702
Student transportation services	565,312	520,852
Operation of plant	1,245,796	1,074,846
Maintenance of the plant	350,428	301,021
Food services	650,065	636,379
Community services	856	27,584
Depreciation	255,115	165,178
Total expenses	8,127,269	7,879,414
(Decrease) Increase in unrestricted net assets	582,574	(68,118)
<u>Changes in Temporarily Restricted Net Assets</u>		
Contributions and grants	658,475	653,242
Net assets released from restrictions	(975,958)	(610,307)
Increase (Decrease) in temporarily restricted net assets	(317,483)	42,935
Increase (Decrease) in net assets	265,091	(25,183)
Net assets, beginning (restated)	2,480,021	2,534,772
Net assets, ending	\$ 2,745,112	\$ 2,509,589

See notes to special purpose financial statements.

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINED STATEMENTS OF CASH FLOWS  
FISCAL YEAR ENDED JUNE 30, 2009 AND 2008

	June 30,	
	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) in net assets	\$ 265,091	\$ (25,183)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities		
Depreciation	255,115	165,178
Write off of accounts payable	-	(136,140)
Allowance for doubtful accounts	50,640	52,044
Non-cash in-kind contribution of capital assets	-	(173,889)
(Increase) decrease in:		
Due from School Board of Miami-Dade County		
-Performance Pay (FEFP)	-	42,622
-State of Florida Capital Outlay Distribution	317,484	(42,935)
Increase (decrease) in:		
Due to/from ASPIRA of Florida, Inc., net	(324,644)	317,264
Compensated absences	21,171	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>584,857</u>	<u>198,961</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(561,419)</u>	<u>(198,961)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(561,419)</u>	<u>(198,961)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on capital lease	<u>(23,438)</u>	<u>-</u>
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<u>(23,438)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ -</u>	<u>\$ -</u>
<b>INTEREST PAID</b>	<u>\$ 11,661</u>	<u>\$ -</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS</b>		
Capital assets purchased under capital lease	<u>\$ 119,528</u>	<u>\$ -</u>

See notes to special purpose financial statements.

**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2009 and 2008

**I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

On April 14, 1999, February 9, 2000 and April 14, 2001, the Miami-Dade County School Board approved the applications submitted by the Board of Directors of ASPIRA of Florida, Inc. for the creation of the ASPIRA Youth Leadership Charter School (ASPIRA North), the ASPIRA South Youth Leadership Charter School (ASPIRA South), and the ASPIRA Eugenio Maria De Hostos Youth Leadership Charter School (ASPIRA Wynwood); respectively. The three schools will be referred to collectively as the Schools in these special purpose financial statements. ASPIRA of Florida, Inc. (the Organization) is a non-profit organization incorporated under the laws of Florida to provide community development, and promote special programs and events including operating charter schools organized pursuant to Section 228.056 of the Florida Statutes. The Schools are accounted for as programs of the Organization. The governing body of the Schools is the Organization's Board of Directors.

The Schools operate under a charter of the sponsoring school district, the Miami-Dade County School Board (the School Board). The ASPIRA North's charter was approved by the Board of Directors on June 24, 1999 and is effective until June 30, 2017. The ASPIRA South's charter was approved by the Board of Directors on May 18, 2000 and is effective until June 30, 2010. The ASPIRA Wynwood's charter was approved by the Board of Directors on April 14, 2001 and is effective until June 30, 2011. All three charters may be renewed for up to an additional five (5) years by mutual written agreement between the Schools and the School Board. At the end of the term of the charters, the School Board may choose not to renew the charters under grounds specified in the charter in which case the School Board is required to notify the Schools 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 Schools are 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**

<u>Schools Name and Addresses</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enrollment</u>	<u>School Principal</u>
ASPIRA Youth Leadership Charter School 13300 Memorial Highway North Miami, FL 33161	6020	6 <sup>th</sup> , 7 <sup>th</sup> , and 8 <sup>th</sup>	450	Iliana D. Pena
ASPIRA South Youth Leadership Charter School 14412 S.W. 288 Street, Leisure City, FL 33033	6060	6 <sup>th</sup> , 7 <sup>th</sup> , and 8 <sup>th</sup>	200	Jason Trinidad/ Hector Martinez
ASPIRA Eugenio Maria De Hostos Charter School 1910 N.E. Miami Court, Miami, FL 33132	6070	6 <sup>th</sup> , 7 <sup>th</sup> , and 8 <sup>th</sup>	410	Fernando Lopez



**Governance Structure**

The Board of Directors of ASPIRA of Florida, Inc. governs the Schools through each school's Advisory Council (governing board). The Board of Directors of ASPIRA of Florida, Inc. consists of the following members:

Victor Vazquez-Hernandez, Ph.D	Chairperson
Alvaro Daniel Alberttis	Vice-Chair Fund Raising
Miream Sierra, MBA	Immediate Past Chairperson
Lydia Amy	Vice-Chair Programs and Planning
Tania Cruz	Secretary
Tullia Badillo	Treasurer
Raul A. Martinez	President and CEO (non-voting member)

**School Advisory Councils (SAC)**

The SAC's are composed of the Board Chair and one other Board member, the President and CEO, Vice-President of Charter School Operations, the School Principal (a non-voting member), and a parent representative.

	<u>ASPIRA North</u>	<u>ASPIRA South</u>	<u>ASPIRA Wynwood</u>
Chairperson	Victor Vazquez-Hernandez	Victor Vazquez-Hernandez	Victor Vazquez-Hernandez
Board member	Miream Sierra	Miream Sierra	Miream Sierra
Board member	Alvaro D. Alberttis	Alvaro D. Alberttis	Alvaro D. Alberttis
Board member	Lydia Amy	Lydia Amy	Lydia Amy
Parent representative	Wendy B. Jones	Lisette Piloto	Lourdes Moss
President and CEO	Raul Martinez (*)	Raul Martinez (*)	Raul Martinez (*)
Vice-President of Schools	Aymet Chaples (*)	Aymet Chaples (*)	Aymet Chaples (*)
Principal	Iliana D. Pena (*)	Jason Trinidad (*)	Fernando Lopez (*)

(\*) Non Voting Member

Basis of Presentation

The accounts of the Schools 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 Schools' programs have been combined and presented in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

Under SFAS No. 117, the Schools are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Schools are required to present a statement of cash flows.

The Schools follow SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In addition, the Schools recognize only those contributed services, which are provided by individuals possessing "specialized skills".

The special purpose financial statements present the combined financial positions, activities and cash flows for the ASPIRA North, South and Wynwood Schools only and do not include the assets, liabilities, net assets and statements of activities and cash flows of ASPIRA of Florida, Inc.

For financial reporting purposes ASPIRA North, South and Wynwood Schools are programs of ASPIRA of Florida, Inc. and are included in the Organization's annual financial statements.

### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Schools that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Schools use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

### Restricted and Unrestricted Revenue

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

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 Statement of Activities as net assets released from restrictions.

Funds provided by the School Board through the State's Charter School Capital Outlay Funding pursuant to Section 228.0561 of the Florida Statutes are recorded as temporarily restricted support until the Organization submits a Capital Outlay Plan to the School Board and the School Board accepts the Capital Outlay Plan and releases the funds.

Funds received from the Miami-Dade County Public School Board (the "School Board") and the State of Florida for the operation of the Charter Schools are recorded as exchange transactions.

### Cash and Cash Equivalents

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

### Capital Assets

Capital assets consist of buildings, leasehold improvements, furniture and equipment, and textbooks, are recorded at cost and depreciated using the straight-line method over a three to ten year estimated useful lives or in the case of leasehold improvements over the life of the lease. Contributed property and equipment is recorded at fair value at the date of donation. The Schools capitalize assets with cost greater than \$500 and a useful life greater than one year.

Repairs and maintenance are expensed as incurred. Improvements which increase the life of the assets are capitalized. The carrying amount of assets sold are retired and the related accumulated depreciation is eliminated in the year of disposal and the resulting gain or loss is credited or charged to operations.

### Due To/From ASPIRA of Florida, Inc.

The Schools are accounted for as programs of ASPIRA of Florida, Inc. under a pooled cash system. All cash is received/paid by the Organization and Due To/From accounts are debited or credited for amounts owed to or due from the Schools. Interest earned on funds held by the Organization on behalf of the Schools is allocated back to the Schools based on the balances of the Due To/From at year end.

### Compensated Absences

Non-instructional employees of the Schools earn a vested right to compensation for unused vacation and sick time up to a maximum of 240 hours for vacation and 160 hours for sick time based on their years of service. Upon separation from employment, only unused vacation time is paid to the employee. Accordingly, the Schools have made an accrual for vacation time compensation that employees have earned but not taken.

### Revenue Sources

Student funding is provided by the State of Florida through the School Board of Miami-Dade County, Florida. Such funding is recorded as Full-Time Equivalent (FTE) nonspecific revenue. In accordance with the Charter Agreements, the School Board retains two percent as an administrative fee. This funding is received on a pro rata basis over the twelve month period and is adjusted for changes in full-time equivalent student population. After review and verification of FTE reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

### Income Taxes

The Organization; and therefore the Schools; is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public supported organization.

### Use of Estimates

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectibility of receivables, the use and recoverability of inventory, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

## **II. TEMPORARILY RESTRICTED NET ASSETS**

### Capital Outlay Funds

During 2009 and 2008, the School Board received an additional \$658,475 and \$653,242; respectively, of Section 228.0561, F.S., Charter Schools Capital Outlay Funding from the State on behalf of the Schools. The funds have been deposited with the School Board and will be distributed once the Schools incur expenses in accordance with approved Capital Outlay Plans by the School Board and follow other guidelines developed by the Florida Department of Education. As of June 30, 2009 and 2008, the Schools have recorded a receivable from the School Board of \$187,829 and \$555,953 (net of allowance for doubtful accounts of \$197,337 for 2008); respectively, of which \$154,546 and \$505,313 have been recorded as temporarily restricted support. In 2009 and 2008, the Schools released \$975,958 and \$610,307; respectively, from restrictions by incurring expenses in accordance with approved Capital Outlay Plans.

As of June 30, 2008, the Wynwood School had approximately \$247,000 of approved Capital Outlay expenses, which had not been reimbursed due to a lack of available Capital Outlay Funds allocated to the Wynwood School by the State of Florida. Management had recorded a receivable for the \$247,000 with an allowance for doubtful accounts of approximately \$197,000. In 2009 the receivable was written off and there was a charge to the Wynwood School operations of \$50,640.

III. CAPITAL ASSETS

Capital assets consist of the following:

	June 30,	
	2009	2008
Buildings and building improvements	\$ 698,374	\$ 442,036
Leasehold improvements	651,006	586,164
Furniture and equipment	515,394	410,219
Textbooks	<u>275,338</u>	<u>88,429</u>
	2,140,112	1,526,848
Less: Accumulated depreciation	<u>(748,044)</u>	<u>(560,612)</u>
	<u>\$1,392,068</u>	<u>\$966,236</u>

Leasehold improvements and equipment for the North School and Wynwood School of approximately \$875,478 were funded with Capital Outlay Funds. Approximately, \$247,000 of Wynwood School's approved capital outlay plan has not been reimbursed as of June 30, 2009 and 2008 due to a lack of available Capital Outlay Funds allocated to the Wynwood School, the improvements were paid by the Organization and are included in the Due to ASPIRA of Florida, Inc.

In 2008, the Schools received approximately \$168,000 in donated computer equipment.

IV. 403 (b) THRIFT RETIREMENT PLAN

Effective July 1, 1997, the Organization established a 403 (b) Thrift Retirement Plan (the Plan) created in accordance with Internal Revenue Service Code Section 403(b) for all full-time employees of the Organization. Employees of the Schools are eligible to participate in the Plan. There are no minimum age or service requirements to contribute to the Plan and employees may contribute up to 16% of their gross salary. Employer contributions equal 100% of the first 2% of the participants' gross salary. To be eligible for employer contributions, the participant must be at least 21 years of age and have provided one year of service. Employer contributions are 100% vested upon the participants 65th birthday, or if earlier, upon completion of a three year vesting period. As of June 30, 2009 and 2008, there were 60 and 45, employees from the Schools participating in the Plan. For the fiscal year ended June 30, 2009 and 2008, the Schools contributed approximately \$43,300 and \$36,000 to the Plan; respectively.

The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the Schools have no fiduciary responsibility therefore the net assets of the Plan are not included in the Schools' special purpose financial statements.

V. RELATED PARTY TRANSACTIONS

School Facilities Lease - ASPIRA North School

In 2007, the ASPIRA North School entered into a long-term operating lease for its facilities, with ASPIRA of Florida, Inc. The lease called for monthly rental payments of \$20,000 per month starting on July 1, 2006 through June 30, 2017. Effective January 1, 2009, the lease was amended and approximately 35,000 square feet was added to the ASPIRA North School facility for a total of 45,000 square feet. The monthly rental payments were increased to \$160,843 per quarter and extended to June 30, 2018. The ASPIRA North School also has three ten year renewal options.

Rent expense paid to ASPIRA of Florida, Inc. totaled approximately \$451,000 for 2009 and \$240,000 for 2008 and is included under "Operation of Plant" in the statement of activities.

The minimum future rentals to be paid by ASPIRA North School are as follows:

<u>June 30.</u>	
2010	\$643,370
2011	643,370
2012	643,370
2013	643,370
2014	643,370
2015-2018	<u>2,573,480</u>
	<u>\$5,790,330</u>

VI. CAPITAL LEASE

The ASPIRA North School entered into a capital lease for equipment with a capitalized cost of \$119,528. Accumulated depreciation in the statement of financial position included \$19,124 relating to this leased equipment. Depreciation expense reported in the 2009 combined statements of activities includes \$19,124 for the equipment under capital lease.

Future minimum lease payments are as follows:

<u>June 30.</u>	
2010	\$27,837
2011	33,636
2012	<u>34,617</u>
	<u>\$96,090</u>

The imputed interest necessary to reduce the net minimum lease payments to present value is considered immaterial.

**VII. COMMITMENTS AND CONTINGENCIES**

School Facilities Lease - ASPIRA South and ASPIRA Wynwood Schools

The ASPIRA South and ASPIRA Wynwood Schools lease school facilities under the terms of two operating leases with monthly payments totaling approximately \$10,241 and \$32,621; respectively. The ASPIRA South lease expires on August 31, 2009 and then its renewed on a month to month basis at \$13,301 per month. The ASPIRA Wynwood School's lease expires on June 30, 2011 and then its renewed on a month to month basis.

The minimum future rentals to be paid by ASPIRA South and Wynwood Schools are as follows:

<u>June 30,</u>	<u>ASPIRA South</u>	<u>Wynwood School</u>
2010	\$20,482	\$391,452
2011	<u>-</u>	<u>391,452</u>
	<u>\$20,482</u>	<u>\$782,904</u>

Rent expense totaled approximately \$123,000 and \$117,000 for the ASPIRA South School and \$324,000 and \$424,000 for the ASPIRA Wynwood School during 2009 and 2008, respectively.

Payables

As of June 30, 2008, the Schools recorded accounts payable due to its former bus transportation vendor totaling \$136,140. The vendor has closed its South Florida office and the Schools have not been able to contact the regional office to settle the outstanding invoices. The Wynwood School did not accrue approximately \$49,000 of additional invoices owed to the bus company as these invoices are in dispute and it is management's position that the amounts are not owed to the former vendor.

In 2008, after numerous unsuccessful attempts by the Schools' management to contact the former bus transportation vendor and settle the accounts payable the balance of \$136,140 was written off.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable Schools. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Schools expect such amounts, if any, to be immaterial.

**VIII. RISK MANAGEMENT**

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

**IX. PRIOR PERIOD ADJUSTMENT**

Unrestricted net assets as of June 30, 2008 have been adjusted for compensated absences owed to non-instructional employees of the Schools. The effect of these corrections decreased beginning unrestricted net assets for 2009 by \$29,568.

The following restatements resulted in adjustments to June 30, 2008 net assets, as follows:

Balance at June 30, 2008	\$2,509,589
Adjustments to Net Assets:	
To record compensated absences as of June 30, 2008	(29,568)
Restated Balance at June 30, 2008	<u>\$2,480,021</u>

## IX. MANAGEMENT PLANS

ASPIRA of Florida, Inc., (the Organization) facility master plan included financing for three charter school facility construction programs in Miami-Dade County, Florida. This plan will increase Organization's capacity to serve an additional 900 middle school students yearly, raising enrollment to 1,800 students. Upon completing all construction phases, the three community education campuses will triple Organization's square footage to over 155,000 square feet (SF) with nearly 6 acres of prime South Florida Miami-Dade County real estate.

**ASPIRA North:** On November 19<sup>th</sup> 2008 (Puerto Rico Discovery Day), the ASPIRA Board held Ribbon Cutting Ceremonies for the first of three construction projects. This project was a new construction of 35,000 SF three story building with 10,000SF renovations on a 2.5 acres campus, including site work, parking lots, playgrounds, bus lanes, sidewalks and emergency generators. Built within budget and on a record 10-month time frame, at a cost of \$7.5 million.

**ASPIRA Wynwood:** The ASPIRA Wynwood purchase was rescinded due to lack of financing and will be under a lease option for the next 2.5 years until which time financing becomes available. The Organization continues to aggressively seek financing for this facility.

**ASPIRA South:** During 2009, the Organization secured a loan for the completion of ASPIRA South in the amount of \$4.2 million with anticipation of a 2009-10 school opening.

**COMBINING SPECIAL PURPOSE FINANCIAL STATEMENTS**



ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

	ASPIRA Youth Leadership <u>Charter School</u>	ASPIRA South Youth Leadership <u>Charter School</u>	ASPIRA Eugenio Maria De Hostos Leadership <u>Charter School</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Due from the Miami-Dade County School Board				
-State of Florida Capital Outlay Distribution	\$ 133,878	\$ 20,668	\$ 33,283	\$ 187,829
Due from ASPIRA of Florida, Inc.	<u>846,684</u>	<u>896,586</u>	-	<u>1,743,270</u>
Total current assets	<u>980,562</u>	<u>917,254</u>	<u>33,283</u>	<u>1,931,099</u>
Capital Assets, Net	<u>686,360</u>	<u>262,461</u>	<u>443,247</u>	<u>1,392,068</u>
Total assets	<u>\$ 1,666,922</u>	<u>\$ 1,179,715</u>	<u>\$ 476,530</u>	<u>\$ 3,323,167</u>
<u>LIABILITIES</u>				
Current liabilities:				
Due to ASPIRA of Florida, Inc.	\$ -	\$ -	\$ 431,226	\$ 431,226
Current portion of capital lease	<u>27,837</u>	-	-	<u>27,837</u>
Total current liabilities	<u>27,837</u>	-	<u>431,226</u>	<u>459,063</u>
Long-term liabilities:				
Compensated absences	24,784	14,592	11,363	50,739
Capital lease	<u>68,253</u>	-	-	<u>68,253</u>
Total long-term liabilities	<u>93,037</u>	<u>14,592</u>	<u>11,363</u>	<u>118,992</u>
<u>NET ASSETS</u>				
Net Assets				
Temporarily restricted	133,878	20,668	-	154,546
Unrestricted	<u>1,412,170</u>	<u>1,144,455</u>	<u>33,941</u>	<u>2,590,566</u>
Total net assets	<u>1,546,048</u>	<u>1,165,123</u>	<u>33,941</u>	<u>2,745,112</u>
Total liabilities and net assets	<u>\$ 1,666,922</u>	<u>\$ 1,179,715</u>	<u>\$ 476,530</u>	<u>\$ 3,323,167</u>

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2008

	<u>ASPIRA Youth Leadership Charter School</u>	<u>ASPIRA South Youth Leadership Charter School</u>	<u>ASPIRA Eugenio Maria De Hostos Leadership Charter School</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Due from the Miami-Dade County School Board				
-State of Florida Capital Outlay Distribution	\$ 277,278	\$ 190,231	\$ 88,444	\$ 555,953
Due from ASPIRA of Florida, Inc.	<u>666,476</u>	<u>824,618</u>	<u>-</u>	<u>1,491,094</u>
Total current assets	<u>943,754</u>	<u>1,014,849</u>	<u>88,444</u>	<u>2,047,047</u>
Capital Assets, Net	<u>486,191</u>	<u>125,087</u>	<u>354,958</u>	<u>966,236</u>
Total assets	<u>\$ 1,429,945</u>	<u>\$ 1,139,936</u>	<u>\$ 443,402</u>	<u>\$ 3,013,283</u>
<u>LIABILITIES</u>				
Current liabilities:				
Due to ASPIRA of Florida, Inc.	\$ -	\$ -	\$ 503,694	\$ 503,694
Total current liabilities	<u>-</u>	<u>-</u>	<u>503,694</u>	<u>503,694</u>
<u>NET ASSETS</u>				
Net Assets				
Temporarily restricted	277,278	190,231	37,804	505,313
Unrestricted	<u>1,152,667</u>	<u>949,705</u>	<u>(98,096)</u>	<u>2,004,276</u>
Total net assets	<u>1,429,945</u>	<u>1,139,936</u>	<u>(60,292)</u>	<u>2,509,589</u>
Total liabilities and net assets	<u>\$ 1,429,945</u>	<u>\$ 1,139,936</u>	<u>\$ 443,402</u>	<u>\$ 3,013,283</u>

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINING STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2009

	ASPIRA Youth Leadership Charter School	ASPIRA South Youth Leadership Charter School	ASPIRA Eugenio Maria De Hostos Leadership Charter School	Total
<u>Changes in Unrestricted Net Assets</u>				
Support and revenue				
Local-FTE	\$ 2,627,877	\$ 1,208,504	\$ 2,383,782	\$ 6,220,163
Federal grants	448,740	243,509	503,690	1,195,939
Local grants	20,870	13,590	57,947	92,407
Other	135,600	20,468	43,604	199,672
Interest	12,024	13,680	-	25,704
Total revenues	<u>3,245,111</u>	<u>1,499,751</u>	<u>2,989,023</u>	<u>7,733,885</u>
Net assets released from restrictions				
Satisfaction of program restrictions	<u>421,508</u>	<u>299,598</u>	<u>254,852</u>	<u>975,958</u>
Total net assets released from restrictions	<u>421,508</u>	<u>299,598</u>	<u>254,852</u>	<u>975,958</u>
	<u>3,666,619</u>	<u>1,799,349</u>	<u>3,243,875</u>	<u>8,709,843</u>
Expenses:				
Instruction (Teachers)	1,431,238	779,066	1,355,331	3,565,635
Pupil personnel services	118,356	42,713	113,472	274,541
Instructional media service	13,892	16,211	14,443	44,546
Instructional and curriculum development services	2,115	860	-	2,975
General administration	132,693	78,381	131,152	342,226
School administration	316,615	139,215	302,856	758,686
Fiscal services	18,356	-	52,732	71,088
Student transportation services	173,172	137,578	254,562	565,312
Operation of plant	611,081	197,583	437,132	1,245,796
Maintenance of the plant	143,032	77,053	130,343	350,428
Food services	290,209	90,343	269,513	650,065
Community services	846	10	-	856
Depreciation	<u>146,652</u>	<u>35,242</u>	<u>73,221</u>	<u>255,115</u>
Total expenses	<u>3,398,257</u>	<u>1,594,255</u>	<u>3,134,757</u>	<u>8,127,269</u>
Increase in unrestricted net assets	<u>268,362</u>	<u>205,094</u>	<u>109,118</u>	<u>582,574</u>
<u>Changes in Temporarily Restricted Net Assets</u>				
Contributions and grants	278,108	130,036	250,331	658,475
Net assets released from restrictions	<u>(421,508)</u>	<u>(299,598)</u>	<u>(254,852)</u>	<u>(975,958)</u>
(Decrease) in temporarily restricted net assets	<u>(143,400)</u>	<u>(169,562)</u>	<u>(4,521)</u>	<u>(317,483)</u>
Increase in net assets	<u>124,962</u>	<u>35,532</u>	<u>104,597</u>	<u>265,091</u>
Net assets, beginning (restated)	<u>1,421,086</u>	<u>1,129,591</u>	<u>(70,656)</u>	<u>2,480,021</u>
Net assets, ending	<u>\$ 1,546,048</u>	<u>\$ 1,165,123</u>	<u>\$ 33,941</u>	<u>\$ 2,745,112</u>

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINING STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2008

	ASPIRA Youth Leadership Charter School	ASPIRA South Youth Leadership Charter School	ASPIRA Eugenio Maria De Hostos Leadership Charter School	Total
<u>Changes in Unrestricted Net Assets</u>				
Support and revenue				
Local-FTE	\$ 1,905,127	\$ 1,223,942	\$ 2,443,947	\$ 5,573,016
Federal grants	286,410	359,425	406,710	1,052,545
Local grants	81,761	20,100	8,771	110,632
In-kind contributions	27,395	130,869	29,741	188,005
Other	161,646	18,502	31,628	211,776
Interest	28,492	36,523	-	65,015
Total revenues	<u>2,490,831</u>	<u>1,789,361</u>	<u>2,920,797</u>	<u>7,200,989</u>
Net assets released from restrictions				
Satisfaction of program restrictions	<u>240,000</u>	<u>117,014</u>	<u>253,293</u>	<u>610,307</u>
Total net assets released from restrictions	<u>240,000</u>	<u>117,014</u>	<u>253,293</u>	<u>610,307</u>
	<u>2,730,831</u>	<u>1,906,375</u>	<u>3,174,090</u>	<u>7,811,296</u>
Expenses:				
Instruction (Teachers)	1,312,955	880,578	1,406,114	3,599,647
Pupil personnel services	156,487	39,218	120,277	315,982
Instructional media service	28,673	26,632	29,272	84,577
Instructional and curriculum development services	16,260	4,640	6,071	26,971
General administration	135,900	142,296	131,735	409,931
School administration	214,860	243,646	238,238	696,744
Fiscal services	6,234	7,484	5,984	19,702
Student transportation services	96,470	116,290	308,092	520,852
Operation of plant	367,897	215,394	491,555	1,074,846
Maintenance of the plant	103,646	68,741	128,634	301,021
Food services	234,599	141,704	260,076	636,379
Community services	1,778	3,567	22,239	27,584
Depreciation	94,870	25,727	44,581	165,178
Total expenses	<u>2,770,629</u>	<u>1,915,917</u>	<u>3,192,868</u>	<u>7,879,414</u>
(Decrease) in unrestricted net assets	<u>(39,798)</u>	<u>(9,542)</u>	<u>(18,778)</u>	<u>(68,118)</u>
<u>Changes in Temporarily Restricted Net Assets</u>				
Contributions and grants	229,995	148,450	274,797	653,242
Net assets released from restrictions	<u>(240,000)</u>	<u>(117,014)</u>	<u>(253,293)</u>	<u>(610,307)</u>
Increase (decrease) in temporarily restricted net assets	<u>(10,005)</u>	<u>31,436</u>	<u>21,504</u>	<u>42,935</u>
Increase (decrease) in net assets	<u>(49,803)</u>	<u>21,894</u>	<u>2,726</u>	<u>(25,183)</u>
Net assets, beginning	<u>1,479,748</u>	<u>1,118,042</u>	<u>(63,018)</u>	<u>2,534,772</u>
Net assets, ending	<u>\$ 1,429,945</u>	<u>\$ 1,139,936</u>	<u>\$ (60,292)</u>	<u>\$ 2,509,589</u>

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2009

	ASPIRA Youth Leadership <u>Charter School</u>	ASPIRA South Youth Leadership <u>Charter School</u>	ASPIRA Eugenio Maria de Hostos Leadership <u>Charter School</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase in net assets	\$ 124,962	\$ 35,532	\$ 104,597	\$ 265,091
Adjustments to reconcile increase in net assets to net cash provided by operating activities				
Depreciation	146,652	35,242	73,221	255,115
Allowance for doubtful accounts	-	-	50,640	50,640
(Increase) decrease in:				
Due from School Board of Miami-Dade County				
-State of Florida Capital Outlay Distribution	143,400	169,563	4,521	317,484
Increase (decrease) in:				
Due to/from ASPIRA of Florida, Inc., net	(180,208)	(71,968)	(72,468)	(324,644)
Compensated absences	15,925	4,247	999	21,171
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>250,731</u>	<u>172,616</u>	<u>161,510</u>	<u>584,857</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	<u>(227,293)</u>	<u>(172,616)</u>	<u>(161,510)</u>	<u>(561,419)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(227,293)</u>	<u>(172,616)</u>	<u>(161,510)</u>	<u>(561,419)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments on capital lease	<u>(23,438)</u>	-	-	<u>(23,438)</u>
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<u>(23,438)</u>	-	-	<u>(23,438)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-	-	-
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	-	-	-	-
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>INTEREST PAID</b>	<u>\$ 11,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,661</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS</b>				
Capital assets purchased under capital lease	<u>\$ 119,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,528</u>

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL

COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2008

	ASPIRA Youth Leadership <u>Charter School</u>	ASPIRA South Youth Leadership <u>Charter School</u>	ASPIRA Eugenio Maria de Hostos Leadership <u>Charter School</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Increase (decrease) in net assets	\$ (49,803)	\$ 21,894	\$ 2,726	\$ (25,183)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities				
Depreciation	94,870	25,727	44,581	165,178
Write off of accounts payable	(42,480)	(52,440)	(41,220)	(136,140)
Allowance for doubtful accounts	17,754	13,730	20,560	52,044
Non-cash in-kind contribution of capital assets	(27,395)	(114,255)	(32,239)	(173,889)
(Increase) decrease in:				
Due from School Board of Miami-Dade County				
-Performance Pay (FEFP)	15,215	10,289	17,118	42,622
-State of Florida Capital Outlay Distribution	10,005	(31,436)	(21,504)	(42,935)
Due to/from ASPIRA of Florida, Inc., net	<u>72,143</u>	<u>147,565</u>	<u>97,556</u>	<u>317,264</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>90,309</u>	<u>21,074</u>	<u>87,578</u>	<u>198,961</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	<u>(90,309)</u>	<u>(21,074)</u>	<u>(87,578)</u>	<u>(198,961)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(90,309)</u>	<u>(21,074)</u>	<u>(87,578)</u>	<u>(198,961)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-	-	-
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	-	-	-	-
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY AUDITORS' REPORTS**



CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

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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 and Officers of  
ASPIRA of Florida, Inc.  
Miami, FL

We have audited the special purpose financial statements of the ASPIRA Youth Leadership Charter School, ASPIRA South Youth Leadership Charter School and ASPIRA Eugenio Maria De Hostos Charter School (the Schools) as of and for the fiscal year ended June 30, 2009, and have issued our report dated August 28, 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 audit, we considered the Schools' 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 Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 Schools' 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 Schools' financial statements that is more than inconsequential will not be prevented or detected by the Schools' 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 Schools' 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.



To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

Compliance and Other Matters

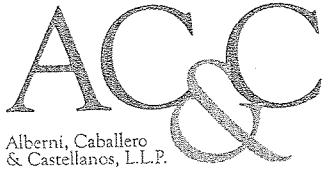
As part of obtaining reasonable assurance about whether the Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 Standard*.

The Schools' responses to the findings and recommendations identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Schools' responses and, accordingly, we express no opinion on them.

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 those specified parties.

*Alfonso Castellano & Estellano LLP*

Coral Gables, Florida  
August 28, 2009



Alberni, Caballero  
& Castellanos, L.L.P.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.  
Miami, FL

Compliance

We have audited the compliance of the ASPIRA Youth Leadership Charter School, ASPIRA South Youth Leadership Charter School and ASPIRA Eugenio Maria De Hostos Charter School (the Schools) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. The Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Schools' management. Our responsibility is to express an opinion on the Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Schools' compliance with those requirements.

In our opinion, the Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control over compliance.

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than those specified parties.

*Alfonso Caballero & Castellanos LLP*

Coral Gables, Florida  
August 28, 2009

**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL, ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Agency, Pass-through Entity Federal Program	<u>CFDA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>
<b><i>U.S. Department of Education</i></b>			
Indirect Programs:			
Pass-Through the Miami-Dade County Public School Board Title I Grants to Local Educational Agencies	84.010	N/A	\$ <u>543,393</u>
<b><i>Total U.S. Department of Education</i></b>			<u>543,393</u>
<b><i>U.S. Department of Agriculture</i></b>			
Indirect Programs:			
Pass-Through State of Florida Department of Education National School Lunch Program	10.555	01-0410	<u>652,546</u>
<b><i>Total U.S. Department of Agriculture</i></b>			<u>652,546</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,195,939</u>

N/A - Not Available

See Notes to Schedule of Expenditures of Federal Awards.

**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**1. GENERAL**

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal grant awards of ASPIRA Youth Leadership Charter School, ASPIRA South Youth Leadership Charter School and ASPIRA Eugenio Maria De Hostos Charter School (the Schools) over which the Schools exercised direct operating control for the fiscal year ended June 30, 2009.

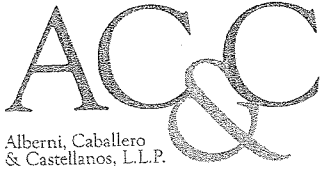
**2. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and includes expenses incurred by the Schools during its fiscal year July 1, 2008 to June 30, 2009.

**3. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

All Federal grant operations of the Schools are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (Revised March 2009, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all of the Federal award programs with 2009 expenditures that ensure coverage of at least 25% of Federally granted funds, as the Schools qualified to be audited as a low risk auditee. Actual coverage is approximately 55% of total cash Federal award program expenses.

<u>Major Federal Award Program Description</u>	<u>Expenditures</u>
National School Lunch Program	<u>\$652,546</u>



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**MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 RULES  
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.  
Miami, FL

We have audited the special purpose financial statements of the ASPIRA Youth Leadership Charter School, ASPIRA South Youth Leadership Charter School and ASPIRA Eugenio Maria De Hostos Charter School (the Schools) as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated August 28, 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.

We have issued our report on internal control over financial reporting and on compliance and other matters; which is dated August 28, 2009, and should be considered in conjunction with this management letter.

In connection with our audit of the special purpose financial statements of the Schools for the fiscal year ended June 30, 2009, we report the following in accordance with Chapter 10.850 Rules of the Auditor General, Charter School Audits which requires that certain items be addressed in this letter. Those items, which are listed in Section 10.854 are as follows:

1. In connection with our audit, we determined that the Schools did not meet one or more of the conditions described in Section 218.503(1), Florida Statutes.
2. The status of recommendations made in the preceding annual financial audit are reported in the Schedule of Findings and Recommendations.
3. Recommendations to improve the Schools' present financial management, accounting procedures and internal controls are accompanying this report in the Schedule of Findings and Recommendations.
4. During the course of our audit, we did not find any:
  - a. Violation of any laws, rules, regulations, contracts, and grant agreements or abuse that: (1) have occurred, or are likely to have occurred; (2) were discovered within the scope of the financial audit; and (3) may or many not have a materially affected the financial statements.
  - b. Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

- c. Deficiencies in internal control that are not significant deficiencies, including but not limited to:
- (1) Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); and
  - (2) Failures to properly record financial transactions.
5. The names of the charter schools are as follows:
- ASPIRA Youth Leadership Charter School
  - ASPIRA South Youth Leadership Charter School
  - ASPIRA Eugenio Maria De Hostos Charter School
6. Sections 10.855 (10), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 those specified parties.

*Alfonso Castellano & Castellano LLP*

Coral Gables, Florida  
August 28, 2009

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**A. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
Identification of major programs:	
_____ Program    CFDA #	
National School Lunch Program	10.555
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 300,000
Auditee qualified as low risk auditee?	Yes



**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2009**

**I. CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS**

**OTHER MATTER**

**2009-1 REPORTING- FOOD AND NUTRITION**

During our participant file testing we noted that 9 of the 15 files selected for testing did not have a completed "Free and Reduced Price School Meals Family Application". All of the applications did have the required determining official's signature; however, they did not have a confirming official's signature. Of the 15 forms reviewed, 9 did not have the confirming official's signature. The confirming official's signature is not required but it would strengthen internal controls over the application process. We also noted the three schools were no consistent in the application process; for example one school included the confirming official's signature in all of its application and also a printout from the "Internet Student Information System" (ISIS) of Miami Dade County Public Schools as support for the participant's eligibility. We recommend that the Schools' strengthen their internal controls over the completion of the "Free and Reduced Price School Meals Family Application" by requiring all schools to have a confirming official sign the application and also include the printout from the ISIS system.

**Management Response:**

Starting immediately all three schools will implement the above recommendation. This will strengthen our internal controls while completing the Free and Reduced Lunch Application.

**II. CURRENT YEAR FEDERAL AWARDS FINDINGS**

**NONE**

ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2009

III. STATUS OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

OTHER MATTERS

2007-1 Deficit and Operating Losses- Wynwood School

**Condition:**

During our testing, we noted that the Wynwood School incurred an operating loss of \$141,723 during 2007 and had also incurred an operating loss in 2006. The current year's operating loss resulted in deficit net assets of \$63,018. Miami-Dade County School Board requires that charter schools with significant operating losses or deficit cash positions disclose management's plans to continue the school in operation.

**Current Year Status:**

The Wynwood School reported an increase in net assets of \$2,726 during 2008 and \$104,597 for 2009. These were improvements from the loss reported in 2007 of \$141,723. The 2009 increase in net assets of \$104,597 resulted in a positive unrestricted net assets for the Wynwood School of \$33,941 as of June 30, 2009. **This recommendation will not be repeated.**

2005-1 ACCOUNTING MANUAL

During our cash disbursement testing we noted that the Organization has an accounting manual, which covers procedures for cash disbursements and receipts as well as other accounting functions. However, we noted areas where the manual could be improved. For example:

- A. The Organization's procurement procedures should be reviewed and at a minimum include:
  - a) Board approval for major purchases or contracts,
  - b) A formal bid process for major purchases and professional services,
  - c) Requirements to obtain written or oral quotes for minor purchases,
- B. The manual was originally drafted without the position of a Director of Finance. During 2005, the Organization hired a Director of Finance and we recommend that his position be incorporated into accounting manual to provide additional checks and balances.
- C. The manual does not include procedures for recording in-kind contributions.

**Recommendation:**

We recommend that the Organization update its current accounting manual to include the recommendations noted above and submit to its Board for approval.

**Current Year Status:**

Management has developed an accounting manual and procurement manual and was approved by the Board during 2009. **This recommendation will not be repeated.**

**ASPIRA YOUTH LEADERSHIP CHARTER SCHOOL,  
ASPIRA SOUTH YOUTH LEADERSHIP CHARTER SCHOOL  
AND ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2009**

**IV. STATUS OF PRIOR YEAR FEDERAL AWARD FINDINGS**

**SIGNIFICANT DEFICIENCY**

**2008-1 CASH MANAGEMENT- FOOD AND NUTRITION**

**Condition:** During our testing of revenues we noted that the Schools were not reimbursed for costs incurred during the month of September 2006 under the federally funded Food and Nutrition Program. The Schools are required to submit monthly claims for reimbursement online within 60 days after the month of service. The Schools did not meet the 60 day deadline.

As of June 30, 2007, the Schools had recorded a receivable for the amount due of approximately \$52,000 and were appealing the funder's decision to not reimburse the amount due. During 2008, the appeal was denied and the Schools wrote off the receivable.

**Cause:** The Schools were not able to submit the claim timely.

**Effect:** The Schools lost funding of approximately \$52,000 for the Month of September 2006 and wrote off the receivable during 2008.

**Recommendation:** Currently, the Vice President of the Charter School operation is responsible for submitting the online claims for reimbursement. We recommend that the responsibility for submitting the online claims be assigned to the Finance Department.

**Current Year Status:** The Schools have implemented the recommendation. **This finding will not be repeated.**