

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
OPA LOCKA, FLORIDA
JUNE 30, 2009**

**Financial Statements,
Independent Auditor's Report Thereon,
and Independent Auditor's Report on
Compliance and Internal Controls**

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HARVEY, COVINGTON & THOMAS, LLC

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
OPA LOCKA, FLORIDA
JUNE 30, 2009**

**Financial Statements,
Independent Auditor's Report Thereon,
and Independent Auditor's Report on
Compliance and Internal Controls**

**Harvey, Covington & Thomas, L.L.C.
3816 Hollywood Boulevard, Suite 203
Hollywood, Florida 33021
(954) 966-4435 PHONE
(954) 962-7747 FAX**

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South Florida
3816 Hollywood Boulevard
Suite 203
Hollywood, FL 33021
(954) 966-4435 Phone
(954) 962-7747 Fax

West Florida
Corporate Center One
2202 North Westshore Blvd.
Suite 200
Tampa, FL 33607
(813) 221-5111 Phone
(813) 221-9181 Fax

Central Florida
498 Palm Springs Drive
Suite 100
Altamonte Springs, FL 32701
(407) 475-1000 Phone
(321) 234-9297 Fax

North Florida
P.O. Box 6190
Jacksonville, FL 32236
(904) 476-5713 Phone

Independent Auditor's Report

To the Board of Directors of
Excel Academy Charter School, North

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Excel Academy Charter School, North (the "School"), which is a component unit of the Miami Dade County Public Schools as of and for the year ended June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of Excel Academy Charter School, North's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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 audit provides a reasonable basis for our opinion.

A related party company which also operated other charter schools during the fiscal year and provided management services to the school provided certain allocations for the expenditures. We were unable to obtain consistent evidential matter to determine that general fund expenditures stated at \$348,644 as of June 30, 2009 and we were unable to obtain consistent evidential matter to determine the basis of those allocations and to determine whether the allocations were consistently applied.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the general fund expenses, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Excel Academy Charter School, North as of June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 13, 2009 on our consideration of Excel Academy Charter School, North's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Management's discussion and analysis and the budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The previously issued financial statement audit report has been reissued. The previously issued auditors' report is not to be relied on because the previously issued financial statement report was misstated and the previously issued auditors' report is replaced by the auditors' report on the restated financial statement.

Harvey Lovington J. Thomas, C.P.A.

September 13, 2009
Hollywood, Florida

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2009**

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2009:

The School's total net assets were approximately 34,500.

Total ending unrestricted net assets are \$1,500.

The School had total expenses for the year of about \$316,000 compared to revenue of approximately \$350,000

The School did remain within the budget set by the Board of Directors for the fiscal year ended June 30, 2009.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Assets. This statement includes all of the School's asset and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increase and/or decrease in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in State funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business type activities, which are generally financed in whole or in part by fees charged to external parties for goods and services.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

Governmental Funds – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can be readily converted to cash. This provides a short-term view of the governmental fund's financial position to help determine whether there are more or fewer financial resources that can be spent in the near term to finance the School's programs. Given that this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with these statements. This information helps to explain the difference between the fund financial statements and the government-wide financial statements.

The School maintains one major fund and no non-major funds. The General Fund is considered to be the only major fund.

General Fund – All financial resources except those required to be reported in another fund.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2009**

CONDENSED FINANCIAL INFORMATION

The following table present condensed financial information derived from the government-wide financial statements.

	<u>Total Governmental Activities 2009</u>
Non-Capital Assets	\$ 1,499
Capital Assets, Net	33,012
Total Assets	<u><u>\$ 34,511</u></u>
Current Liabilities	\$ 34,276
Non-current Liabilities	-
Total Liabilities	<u><u>34,276</u></u>
Net Assets	
Invested in capital assets, net of related debt	33,012
Unrestricted	1,499
Total net assets	<u><u>34,511</u></u>

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. The School's net assets totaled \$34,511 as of June 30, 2009. Of this amount, approximately \$33,012 has been invested in capital assets. The School uses the capital assets to provide services to the students.

The remaining balance of unrestricted net assets may be used to meet the School's ongoing obligations to students.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2009**

	Total Governmental Activities
	2009
Revenues	
State Source FTE	\$ 350,143
Gift, Grants and Bequests	-
Other Miscellaneous Income	-
Total Revenues	350,143
Expenses	
Basic Instruction	\$ 73,172
Pupil Personnel Services	21,938
General Administration	38,254
School Administration	21,396
Facilities Acquisition and Construction	113,463
Fiscal Services	5,837
Food Services	17,322
Operation of Plant	18,242
Maintenance of Plant	3,140
Unallocated Depreciation Expense	2,868
Total Expenses	315,632
Change in Net Assets	34,511
Beginning Net Assets	-
Ending Net Assets	\$ 34,511

The increase in the School's net assets of approximately \$34,511 is attributable to revenue received in the fiscal year which exceeded expenditures.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2009**

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated approximately \$350,000 in general revenues and incurred \$316,000 of program expenses. This resulted in a \$35,000 increase in net assets.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance was \$1,500. The School did not generate as much revenue through State Source FTE funds as it expected for fiscal year 2009. The School incurred \$348,600 in expense due to operations of the School.

BUDGETARY HIGHLIGHTS

General Fund

There were no changes between the original and final budgets for the General Fund.

Revenues received in the General Fund were granted by the Dade County School Board for the fiscal year, therefore there were no variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School obtained certain fixed assets during the fiscal year in the amount of \$33,000. Please refer to Note 2 for more detailed information about the School's capital asset activity.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2009**

ECONOMIC FACTORS

Economic factors affecting the School's operations included operational changes, a reduction in enrollment, and the State's base student allocation.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional information contact the Executive Director at, 780 Fisherman Drive, Opa Locka, Florida 33055.

EXCEL ACADEMY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 14,306	\$ 14,306
Prepaid Expenses	21,469	21,469
	-	-
Total Current Assets	35,775	35,775
Capital assets:		
Furniture, Fixtures & Equipment	35,880	35,880
Less Accumulated Depreciation	(2,868)	(2,868)
	-	-
Total Fixed Assets	33,012	33,012
Total Assets	\$ 68,787	\$ 68,787
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 34,276	\$ 34,276
	-	-
Total Current Liabilities	34,276	34,276
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	33,012	33,012
Unrestricted	1,499	1,499
	-	-
Total net assets	34,511	34,511

See Accompanying Notes to the Financial Statements

EXCEL ACADEMY - NORTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		Total
FUNCTIONS	Expenses	Governmental Activities	
Primary Government:			
Governmental Activities:			
Basic Instruction	\$ 73,172	(73,172)	\$ (73,172)
Pupil Personnel Services	21,938	(21,938)	(21,938)
General Administration	38,254	(38,254)	(38,254)
School Administration	21,396	(21,396)	(21,396)
Facilities Acquisition and Construction	113,463	(113,463)	(113,463)
Fiscal Services	5,837	(5,837)	(5,837)
Food Services	17,322	(17,322)	
Operation of Plant	18,242	(18,242)	(18,242)
Maintenance of Plant	3,140	(3,140)	(3,140)
Unallocated Depreciation Expense	2,868	(2,868)	(2,868)
Total governmental activities	315,632	(315,632)	(315,632)
General Revenues:			
State Source FTE		350,143	350,143
Other Income		-	-
Total General Revenues, Special Items and Transfers		350,143	350,143
Change in Net Assets		34,511	34,511
Net Assets - Beginning of Year		-	-
Net Assets - End of Year		34,511	34,511

See Accompanying Notes to the Financial Statements

**EXCEL ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	GENERAL	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>		
Cash	\$ 14,306	\$ 14,306
Prepaid Expenses	21,469	21,469
Other Assets	-	-
TOTAL ASSETS	\$ 35,775	\$ 35,775
<u>LIABILITIES & FUND EQUITY</u>		
Liabilities		
Accounts Payable	34,276	34,276
TOTAL LIABILITIES	\$ 34,276	\$ 34,276
Fund Equity		
Fund Balances:		
Unreserved, Undesignated	1,499	1,499
TOTAL FUND EQUITY	1,499	1,499
TOTAL LIABILITIES AND FUND EQUITY	\$ 35,775	\$ 35,775

Reconciliation of the governmental funds Balance Sheet to the Statement of Net Assets
for the year ended June 30, 2007

Total fund balances - governmental funds 1,499

Amounts reported for governmental activities in the Statement of Net Assets are
different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in governmental funds. The cost
of the assets is \$35,880, and the accumulated depreciation is (\$2,868) 33,012

Net Assets of Governmental Activities \$ 34,511

EXCEL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

REVENUES	GENERAL	TOTAL GOVERNMENTAL FUNDS
State Source FTE	\$ 350,143	\$ 350,143
Miscellaneous Income	-	-
TOTAL REVENUES	350,143	350,143
EXPENDITURES		
Basic Instruction	73,172	73,172
Pupil Personnel Services	21,938	21,938
General Administration	38,254	38,254
School Administration	21,396	21,396
Facilities Acquisition and Construction	113,463	113,463
Fiscal Services	5,837	5,837
Food Services	17,322	17,322
Operation of Plant	18,242	18,242
Other Expenses	35,880	35,880
TOTAL EXPENDITURES	348,644	348,644
EXCESS OF REVENUES OVER EXPENDITURES	1,499	1,499
FUND BALANCE, July 1, 2008	-	-
FUND BALANCE, June 30, 2009	<u>\$ 1,499</u>	<u>\$ 1,499</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities

Total net change in fund balances - governmental funds	1,499
Amounts reported for governmental activities in the Statement of Activities are different because:	

Capital outlays \$35,880 are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense (\$2,868).

Change in net assets of governmental activities	<u>33,012</u>
	<u>34,511</u>

EXCEL ACADEMY CHARTER SCHOOL, NORTH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Excel Academy Charter School, North is a not-for-profit corporation which commenced operations in August 2008 pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The not-for-profit corporation conducts business as Excel Academy Charter School, North. (the “School”). The governing body of the School is the not for profit corporation’s Board of Directors which is composed of five voting members.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Dade County (the “District”). The current charter is effective until June 30, 2012. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 228.056(10)(e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. This School is considered a component unit of the District.

Criteria for determining if other entities are potential components units of the School that should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the Schools’ basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included with the reporting entity of the School.

The School’s financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. In June 1999, The GASB unanimously approved “Basic Financial Statements and Management Discussion and Analysis for State and Local Governments” (Statement #34).

EXCEL ACADEMY CHARTER SCHOOL, NORTH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

GASB Statement #34 provides for the most significant change in financial reporting in over twenty years and is scheduled for phased implementation (based on the size of the governmental unit). As a component unit of a larger governmental unit, the school was required to implement GASB Statement #34.

The basic financial statements include both government wide (based on the school as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new financial reporting model, the focus is on either the School as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, the governmental activities and each major fund are reflected on a full accrual basis.

Basis of Presentation

The financial transactions of the School are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Statement #34 set forth minimum criteria for the determination of major funds. The school has one major fund.

GOVERNMENTAL FUND TYPES

The measurement focus of the Governmental Funds is upon determination of financial position and changes in financial position rather than upon net income. The following is a description of the Governmental Funds of the School:

General Fund – to account for all financial resources not required to be accounted for in another fund. The General fund serves as the primary operating unit of the School.

NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement #34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

EXCEL ACADEMY CHARTER SCHOOL, NORTH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Government-wide Financial Statements are presented on an accrual basis of accounting. The Fund financial statements are presented on a modified accrual basis.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

Budgetary Basis of Accounting

Budgets are presented on the modified accrual basis of accounting, consistent with generally accepted accounting principles.

Revenue Sources

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

The School secured approval from the Florida Department of Education for a grant in the amount of \$200,000 in a letter dated September 21, 2009. This grant will not only increase the financial viability of the School but also provide additional educational resources.

EXCEL ACADEMY CHARTER SCHOOL, NORTH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Fixed Assets and Depreciation

Expenditures for fixed assets acquired for utilization at the School are reported in the governmental fund type that financed the acquisition. Donated Assets are recorded at fair value at the date of donation. The school's capitalization levels are \$600 on tangible personal property. Depreciation on all assets is provided on the straight-line basis over the estimated useful life. The depreciation of general fixed assets is recorded in the Government-wide financial statements.

Compensated Absences

The School does not pay employees for unused sick and vacation time. Unused hours expire at the end of the school year. Therefore, no compensated absences are recorded.

Income Taxes

The School has applied for exemption from federal income taxes under Section 501(C)(3) of the Internal Revenue Code in April 2009 and is currently waiting approval. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

Estimates and Assumptions

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

EXCEL ACADEMY CHARTER SCHOOL, NORTH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - CHANGES IN GENERAL FIXED ASSETS

Changes in general fixed assets are shown below:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -
Furniture, Fixtures and Equipment	<u>-</u>	<u>35,880</u>	<u>-</u>	<u>35,880</u>
Total	<u>-</u>	<u>35,880</u>	<u>-</u>	<u>35,880</u>
Accumulated Depreciation	<u>-</u>	<u>(2,868)</u>	<u>-</u>	<u>(2,868)</u>
Net Fixed Assets	<u>\$ -</u>	<u>\$ 33,012</u>	<u>\$ -</u>	<u>\$33,012</u>

NOTE 3 – LEASES AND OTHER OBLIGATIONS

Operating Leases

During the fiscal year 2008-2009, the School leased commercial space from Town Center One, Inc. In August 2008, the School entered into a lease agreement for \$133,903.

Total rent expense for the year ended June 30, 2009, was approximately \$122,800 for the commercial space. The future minimum rental commitments are as follows:

EXCEL ACADEMY CHARTER SCHOOL, NORTH
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – LEASES AND OTHER OBLIGATIONS, continued

For the year ending June 30,

2008	107,100
2009	112,455
2010	-
2011	-
Thereafter	<u>-</u>
 Total	 <u>\$ 219,555</u>

NOTE 4 – RISK MANAGEMENT PROGRAMS

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage limits.

NOTE 5 – BUDGETARY COMPARISON SCHEDULE

The following budgetary information is presented as part of the required supplementary information as mandated by GASB Statement #34.

EXCEL ACADEMY - NORTH
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL	
	ORIGINAL BUDGET	ACTUAL
REVENUES		
State Source FTE	\$ 380,000	\$ 350,143
Miscellaneous Income	-	-
	380,000	350,143
TOTAL REVENUES		
EXPENDITURES		
Basic Instruction	\$ 71,500	\$ 73,172
Pupil Personnel Services	23000	21,938
General Administration	43200	38,254
School Administration	19400	21,396
Facilities Acquisition and Construction	128000	113,463
Fiscal Services	5000	5,837
Food Services	21000	17,322
Operation of Plant	17400	18,242
Maintenance of Plant	4000	3,140
Other Expenses	26000	2,868
	358,500	315,632
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER EXPENDITURES	\$ 21,500	\$ 34,511



Certified Public Accountants & Consultants

South Florida
3816 Hollywood Boulevard
Suite 203
Hollywood, FL 33021
(954) 966-4435 Phone
(954) 962-7747 Fax

West Florida
Corporate Center One
2202 North Westshore Blvd.
Suite 200
Tampa, FL 33607
(813) 221-5111 Phone
(813) 221-9181 Fax

Central Florida
498 Palm Springs Drive
Suite 100
Altamonte Springs, FL 32701
(407) 475-1000 Phone
(321) 234-9297 Fax

North Florida
P.O. Box 6190
Jacksonville, FL 32236
(904) 476-5713 Phone

**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 of
Excel Academy Charter School, North
Opa Locka, Florida

We have audited the financial statements of Excel Academy Charter School, North (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 13, 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 Excel Academy Charter School, North Corporation'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 Excel Academy – North Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Excel Academy Charter School, North Corporation in a separate letter dated September 13, 2009.

This report is intended solely for the information and use of management, The Board of Directors, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.



Hollywood, Florida
September 13, 2009

South Florida
3816 Hollywood Boulevard
Suite 203
Hollywood, FL 33021
(954) 966-4435 Phone
(954) 962-7747 Fax

West Florida
Corporate Center One
2202 North Westshore Blvd.
Suite 200
Tampa, FL 33607
(813) 221-5111 Phone
(813) 221-9181 Fax

Central Florida
498 Palm Springs Drive
Suite 100
Altamonte Springs, FL 32701
(407) 475-1000 Phone
(321) 234-9297 Fax

North Florida
P.O. Box 6190
Jacksonville, FL 32236
(904) 476-5713 Phone

INDEPENDENT AUDITOR'S LETTER TO MANAGEMENT

To the Board of Directors
Excel Academy Charter School, North
Opa Locka, Florida

We have audited the financial statements of Excel Academy Charter School, North as of and for the year ended June 30, 2009, and have issued our report thereon dated September 13, 2009. We have also issued our report on compliance and internal control over financial reporting. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was 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.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not findings reported in the preceding audit report have been corrected and recommendations made in the preceding audit report have been followed. This was the School's first year of operations; thus, no comments are required for prior year audit findings.

Other Matters

Our audit did reveal other matters that involve the internal control structure and other operational matters that are presented for your consideration in schedule **09-ML-01** through **09-ML-06**. This letter does not affect our report dated September 13, 2009 on the financial statements of the School.

Our audit indicated Excel Academy Charter School, North has a slightly positive unrestricted or total net asset balance. The charter school is efficiently working towards implementing strategies to increase funding and decrease expenses.

The due date for submission of the School's Audited Financial Statements and Independent Auditor's Report on Compliance and Internal Controls was August 31, 2009. Management should ensure that future reports are submitted to the School Board in a timely manner to remain compliant with its Charter and the regulations of the School Board.

This management letter is intended solely for the information and use of the management of the School and appropriate audit agencies and is not intended to be and should not be used by anyone other than specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any comments about this letter, our accompanying reports, or any other matter.

Harvey Lovington Thomas, S. C. C.

September 13, 2009
Hollywood, Florida

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
SCHEDULE OF FINDINGS
JUNE 30, 2009**

09-ML-01

Criteria:

During fieldwork, we noted voided checks were not properly mutilated.

Condition:

Voided checks were marked "VOID" but the account numbers remained visible.

Recommendation:

We recommend that management implement an additional step to properly dispose of voided checks. The implementation should be to manually remove the account numbers from voided checks. Account numbers should be cut off the bottom of each check and destroyed. A list of voided checks should be maintained with bank account reconciliations.

Reason Improvement Needed:

As a precaution, it is essential to remove account numbers from voided checks. Voided checks may be stolen and utilized to make unauthorized purchases over the internet or phone. This process will help to reduce the risk of fraudulent activity.

Management Response:

Management agrees with the auditor's findings and will implement procedures to address this issue during the current fiscal year.

EXCEL ACADEMY CHARTER SCHOOL, NORTH
SCHEDULE OF FINDINGS
JUNE 30, 2009

09-ML-02

Criteria:

During audit test work, we noted there were no Board of Directors minutes to provide evidential matter to support the decisions and approvals by the Board of Directors.

Condition:

Financial transactions and other decisions made by the Board of Directors should be reflected in the minutes of the meetings for all general and special Board meetings.

Recommendation:

We recommend that management consider implementing processes to maintain all Board of Directors meeting minutes in hard and electronic copy.

Reason Improvement Needed:

By implementing the referenced processes the School will have a record of the meetings and be able to ensure The Board of Directors' recommendations are effectuated.

Management Response:

During the school year under review, minutes were held of all meetings of Board of Directors of The Excel Academy, Inc. The Excel Academy, Inc. governed the operations of three charter schools: Excel Academy Middle, Excel Academy Elementary, and Excel Academy Charter School, North. Minutes were not separately prepared for Excel Academy Charter School, North, and to this extent only the auditor's remarks are correct. Effective current school year, the operations of Excel Academy Charter School, North are being governed by a single Board of Directors and written minutes of all Board of Director's meetings are being kept and are available for inspection.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
SCHEDULE OF FINDINGS
JUNE 30, 2009**

09-ML-03

Criteria:

During audit test work, we noted the procedure for notating paid expenditures and accounts Payable invoices was not implemented by an approved check request form. Additionally, the check stubs, attached to processed invoices, did not include detail nor was there a consistent method to determine the exact cost of all Charter school activities.

Condition:

We noted the invoices were processed and approved for payment, without a check request, by the Business Manager. The invoice number and date were excluded from the check stub. We also noted that the cost allocation method was applied inconsistently.

Recommendation:

We recommend, prior to the processing of invoices, that a check request form is completed and signed by management. Stapled to each invoice should be a copy of the check (with details), a check request and any additional supporting documentation which validates the expenditure and clears the payable. The Organization should also use a consistent schematic for apportioning cash disbursed to the appropriate agency.

Reason Improvement Needed:

This process reduces the risk of duplicate payments, guarantees complete accounts payable packages and allows for accurate recording of expenditures and accounts payable.

Management Response:

Due to the size of the school at the start of operations last year, management did not consider it necessary to institute a check request form system for making disbursements by check. However per the auditor's recommendation, the school will put in place a check request disbursement system effective immediately.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
SCHEDULE OF FINDINGS
JUNE 30, 2009**

09-ML-04

Criteria:

During fieldwork we noted that the Charter school is not a valid 501C3 Organization as of year-end.

Condition:

The above conditions could lead to corporate tax issues for the charter school.

Recommendation:

We recommend the School's management obtain a valid 501C3 designation for the Internal Revenue Service.

Reason Improvement Needed:

The improvement is needed because the charter school may be viewed as a for profit business and therefore become subject to corporate income taxes.

Management Response:

An application (Form 1023) was submitted April 2009 to the IRS for granting Excel Academy Charter School, North tax-exempt status. The IRS' response is awaited.

**EXCEL ACADEMY CHARTER SCHOOL, NORTH
SCHEDULE OF FINDINGS
JUNE 30, 2009**

09-ML-05

Criteria:

The charter school did not submit the annual audit report to the Sponsoring School District in a timely manner.

Condition:

The above conditions could lead to the withholding of monthly funds and financial scrutiny by the Sponsoring District.

Recommendation:

We recommend the School's management implement procedures to ensure that the Annual Audit report is submitted timely to the Sponsoring School District

Reason Improvement Needed:

This area requires improvement because the charter school may be forced to discontinue operations due to non compliance with Miami Dade Public Schools rules and regulations.

Management Response:

The Management of the charter school agrees with the auditor's finding and will implement corrective procedures in the coming fiscal year.

EXCEL ACADEMY CHARTER SCHOOL, NORTH
SCHEDULE OF FINDINGS
JUNE 30, 2009

09-ML-06

Criteria:

As noted in several instances during fieldwork, we were not provided with information or evidence to justify the percentage of expense items being allocated to the School by management.

Condition:

The above condition could lead to under/over reporting of expenses for the charter school.

Recommendation:

We recommend that the management adopt the practice of direct expense allocation wherever possible or provide written indication and the rationale for determining the amount of expenses allocable to the School.

Reason Improvement Needed:

The improvement is needed to ensure the costs of operating the School are accurately and consistently determined.

Management response:

A 'management company' model whereby one bank account and common administration are used for operation of multiple entities of a similar nature, can be an efficient and cost-effective method of administration and accounting. Such a model was used for the administration of 3 charter schools, including Excel North, which were in operation at the start of the fiscal year. Percentages of expenditures allocated to each of the 3 schools were not all an equal 33 1/3%. Percentage apportionment reflected closely the utilization of a particular expenditure. There were instances where utilization was equal – in which case a 33 1/3 % allocation was made – but there were other instances where a particular school had a greater or lesser utilization of an expenditure. In these instances, the apportionment was greater or lesser than one-third. The allocation in each instance was based on management's judgment and on-the-ground knowledge but was not always documented for audit evidence. Management agrees with the auditor's finding and this situation will not recur. The School now has one bank account and expenses are now directly allocated.

