

MANAGEMENT AND
COMPLIANCE AUDITS

2009 SEP 28 AM 11:04

**EXCELSIOR LANGUAGE ACADEMY OF
HIALEAH, INC.
HIALEAH, FLORIDA**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2009

TABLE OF CONTENTS

General Information	1
Independent Auditors' Report.	2-3
Management's Discussion and Analysis (Required Supplementary Information)	4-8
Basic Financial Statements:	
<i>Government-wide Financial Statement:</i>	
Statement of Net Assets	9
Statement of Activities.....	10
<i>Fund Financial Statements:</i>	
Balance Sheet- Governmental Funds	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.	12
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	14
<i>Notes to the Basic Financial Statements</i>	15-19
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual- General Fund.	20
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Management Letter	23-24

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH, INC.
(A Charter School Under Excelsior Language Academy of Hialeah, Inc.)

600 West 20th Street
Hialeah, FL 33010
(305)888-8359

2008-2009

BOARD OF DIRECTORS

Ms. Claudia Trilles, President
Ms. Dulce More
Ms. Lilianne Morales
Ms. Yoselin Guerra
Ms. Maydelin Beceiro
Ms. Sylvia DeArmas
Mr. Steve Cerone

SCHOOL ADMINISTRATION

Ms. Yudit Silva, Principal
Ms. Ivelisse Puente, Assistant Principal

INDEPENDENT AUDITORS' REPORT

Board of Directors
Excelsior Language Academy of Hialeah, Inc.
Hialeah, Florida

PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
MARIA C. PEREZ-ABREU, C.P.A.
KATRINA Y. RAMOS, C.P.A.
MARIO A. SARIOL, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.
TAB VERDEJA, C.P.A.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Excelsior Language Academy of Hialeah, Inc., as of June 30, 2009 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 8 and the Schedules of Revenues, Expenditures and Changes in Fund Balance—Budget to Actual on page 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Verdeja & DeClemens, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 24, 2009

Management's Discussion and Analysis
Excelsior Language Academy of Hialeah Inc.
June 30, 2009

The corporate officers of Excelsior Language Academy of Hialeah, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2009.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2009 by \$27,738 (net assets).
2. At year-end, the School had current assets on hand of \$251,519.
3. The net assets of the School increased by \$27,738 during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2009 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term inflows* and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual budget for its general fund basis. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15 - 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$897,363 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2009 follows:

	2009
Cash	\$ 95,061
Due from governmental agencies	20,796
Prepaid expenses	59,750
Deposit receivable	75,912
Total Assets	<u>\$ 251,519</u>
Accounts and wages payable and accrued liabilities	\$ 111,608
Due to fiscal agent	112,173
Total Liabilities	<u>\$ 223,781</u>
Unrestricted	<u>27,738</u>
Total net assets	<u>\$ 27,738</u>

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets with a net increase for the year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2009:

	<u>2009</u>
REVENUES	
Program Revenues	
Operating Grants and Contributions	\$ 98,570
Capital Grants and Contributions	35,655
Charges for Services	86,164
General Revenues	
Grants and Contribution	2,702,130
Fundraising and other revenue	56,906
Total Revenues	<u>\$ 2,979,425</u>
EXPENSES	
Instructional services	\$ 1,234,481
Pupil personnel services	9,171
Instructional staff training services	595
Board	6,103
School administration	246,523
Fiscal services	134,962
Food services	212,149
Central services	62,559
Pupil transportation services	69,940
Operation of plant	934,308
Maintenance of plant	27,428
Community services	13,468
Total Expenses	<u>\$ 2,951,687</u>
Change in Net Assets	\$ 27,738
Net Assets at Beginning of Year	<u>-</u>
Net Assets at End of Year	<u>\$ 27,738</u>

The School's total revenues in its first year of operations were \$2,979,425 while its total expenses were \$2,951,687 for a net increase of \$27,738.

Articulation Agreements

Students, who have been identified as high risk in grades K-8 in either in reading, language arts, math or science will have a Progress Monitoring Plan (PMP) developed. The School will monitor these students closely by using state mandated diagnostic tools such as; Florida Assessments for Instruction Reading (FAIR) and report their progress in the Progress Monitoring Reporting Network (PMRN). The School will also implement the Mastery In Progress (MIP) this tool is used to monitor students in the Florida Comprehensive Assessment Test (FCAT) Benchmarks on a weekly basis. All teachers will have a data binder to monitor each student's individual progress. The School will commence its tutorial program the first week of October to target at risk students in grades 3 -8. In addition, the tutoring program will continue throughout the 2009 – 2010 school year. The School will follow the recommendation of the Department of Education in regards to Middle School Reform Act. Thus, students in the Middle School who have been identified as needing remediation in reading will receive an additional intensive reading course. All at risk students, grades 3 -8 will receive tutoring in both reading and math.

Accomplishments

The School received a "C" grade for the 2008 -2009 school year; however the School did not make Adequate Yearly Progress for Hispanic, Economically Disadvantaged and English Language Learners in both reading and math. The achievement of receiving AYP means that all sub groups; African Americans, Hispanics, Whites, Exceptional Education students, free and reduced lunch students all made adequate gains in the Florida Comprehensive Assessment Test (FCAT) as defined by the Florida Department of Education. Students made gains in reading and math particularly the students in the lowest 25%. The administration, in conjunction with their staff, Board of Directors and the ESSAC committee, has made achieving AYP for our Hispanic students, Economically Disadvantaged students and English Learner students a priority for improvement. The School will be budgeting additional funds for professional training and materials that have been proven to be effective and improve test scores for various schools in Miami-Dade. All teachers in grades kindergarten through eighth received extensive training for FCAT preparation in reading, writing and mathematics.

The School will continue to provide professional development for the teachers in reading, math and writing. The School will purchase more research based science materials that will enhance students' learning in grades 5 and 8. The School will administer the interim exams in math, reading and science to monitor student's progress. With the analysis of specific data, a teacher can create an action plan to address those specific problem areas that offer the most significant opportunities for improvement. The School is expecting to receive additional support from the district to address not meeting AYP for the subgroups mentioned above.

Achievement

The School was awarded a \$197,000 (One Hundred Ninety-Seven Thousand) Implementation Grant. With the grant the School was able to buy the smart boards, which helped the students achieve greater success with their curriculum. The School had 95% parent involvement.

Enrollment

The School enrollment for the school year 2008 – 2009 was as follow; Kindergarten 50 students, first grade 57 students, second grade 41 students, third grade 47 students, fourth grade 49 students, fifth grade 40 students, sixth grade 95 students, seventh grade 51 students and eighth grade 21 students.

School Location

The School operates in the Miami area from its facility located at 600 West 20th Street, Hialeah, FL 33010.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balances of \$27,738.

General Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

	General Fund Budget		Actual by Governmental Funds		
	Original Budget	Final Budget	Total All Funds	General Fund	Capital Fund
REVENUES					
State government grants	\$ 3,941,853	\$ 2,747,165	\$ 2,702,130	\$ 2,702,130	\$ -
Capital outlay funding and other grants	175,000	215,696	35,655	35,655	-
Charges for services and other grants	319,645	63,990	184,734	184,734	-
Other income	-	54,000	56,906	56,906	-
TOTAL REVENUE	\$ 4,436,498	\$ 3,080,851	\$ 2,979,425	\$ 2,979,425	-
EXPENDITURES					
Instructional services	\$ 1,966,711	\$ 1,214,057	\$ 1,234,481	\$ 1,234,481	-
Pupil personnel services	12,000	-	9,171	9,171	-
Instructional staff training services	3,000	-	595	595	-
Board	-	-	6,103	6,103	-
General administration	7,750	10,500	-	-	-
School administration	282,345	244,493	246,523	246,523	-
Facilities acquisition, construction & other capital outlay	-	-	-	-	-
Fiscal services	697,240	135,454	134,962	134,962	-
Food services	-	102,915	212,149	212,149	-
Central services	129,166	69,834	62,559	62,559	-
Pupil transportation services	133,200	74,925	69,940	69,940	-
Operation of plant	963,198	1,111,243	934,308	934,308	-
Maintenance of plant	-	-	27,428	27,428	-
Administrative and technology services	13,000	-	-	-	-
Community services	64,294	18,829	13,468	13,468	-
TOTAL EXPENDITURES	4,271,904	2,982,250	2,951,687	2,951,687	-
Net change in fund balance	\$ 164,594	\$ 98,601	\$ 27,738	\$ 27,738	\$ -

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Yudit Silva, Principal located at 600 West 20th Street, Miami, FL 33010.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>2009</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 95,061
Due from governmental agencies	20,796
Prepaid expenses	59,750
Deposit receivable	75,912
TOTAL CURRENT ASSETS/TOTAL ASSETS	<u>\$ 251,519</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 20,566
Wages payable	91,042
Due to fiscal agent	112,173
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	<u>223,781</u>
NET ASSETS	
Unrestricted	<u>27,738</u>
TOTAL NET ASSETS	<u>27,738</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 251,519</u>

The accompanying notes are an integral part of this financial statement.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	2009				
	Program Revenues				
FUNCTIONS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:					
Instructional services	\$ 1,234,481	\$ 37,025	\$ -	\$ 35,655	\$ (1,161,801)
Pupil personnel services	9,171	-	-	-	(9,171)
Instructional staff training services	595	-	-	-	(595)
Board	6,103	-	-	-	(6,103)
School administration	246,523	-	-	-	(246,523)
Facilities acquisition & construction	-	-	-	-	-
Fiscal services	134,962	-	-	-	(134,962)
Food services	212,149	9,425	98,570	-	(104,154)
Central services	62,559	-	-	-	(62,559)
Pupil transportation services	69,940	-	-	-	(69,940)
Operation of plant	934,308	-	-	-	(934,308)
Maintenance of plant	27,428	-	-	-	(27,428)
Community services	13,468	39,714	-	-	26,246
Total Governmental Activities	<u>2,951,687</u>	<u>86,164</u>	<u>98,570</u>	<u>35,655</u>	<u>(2,731,298)</u>
GENERAL REVENUES:					
					2,702,130
					56,906
					<u>2,759,036</u>
					27,738
					-
					<u>\$ 27,738</u>

The accompanying notes are an integral part of this financial statement.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
BALANCE SHEET- GOVERNMENTAL FUND
JUNE 30, 2009

	2009		
	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 95,061	\$ -	\$ 95,061
Due from governmental agencies	20,796	-	20,796
Prepaid expenses	59,750	-	59,750
Deposit receivable	75,912	-	75,912
TOTAL ASSETS	\$ 251,519	\$ -	\$ 251,519
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 20,566	\$ -	\$ 20,566
Wages payable	91,042	-	91,042
Due to fiscal agent	112,173	-	112,173
TOTAL LIABILITIES	223,781	-	223,781
FUND BALANCE			
Unreserved	27,738	-	27,738
TOTAL FUND BALANCE	27,738	-	27,738
TOTAL LIABILITIES AND FUND BALANCE	\$ 251,519	\$ -	\$ 251,519

The accompanying notes are an integral part of this financial statement.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total Fund Balance - Governmental Funds \$ 27,738

Amounts reported for governmental activities in the statement of net assets are the same. There are no reconciling items.

Total Net Assets - Governmental Activities \$ 27,738

The accompanying notes are an integral part of this financial statement.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	2009		
	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
State government grants	\$ 2,737,785	\$ -	\$ 2,737,785
Charges for services and other grants	184,734	-	184,734
Other income	56,906	-	56,906
TOTAL REVENUES	\$ 2,979,425	\$ -	\$ 2,979,425
EXPENDITURES			
Current:			
Instructional services	\$ 1,234,481	\$ -	\$ 1,234,481
Pupil personnel services	9,171	-	9,171
Instructional staff training services	595	-	595
Board	6,103	-	6,103
School administration	246,523	-	246,523
Fiscal services	134,962	-	134,962
Food services	212,149	-	212,149
Central services	62,559	-	62,559
Pupil transportation services	69,940	-	69,940
Operation of plant	934,308	-	934,308
Maintenance of plant	27,428	-	27,428
Community services	13,468	-	13,468
TOTAL EXPENDITURES	2,951,687	-	2,951,687
Excess (Deficiency) of revenues over expenditures	27,738	-	27,738
Net change in fund balance	27,738	-	27,738
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 27,738	\$ -	\$ 27,738

The accompanying notes are an integral part of this financial statement.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Change in Fund Balance - Governmental Funds \$ 27,738

Amounts reported for governmental activities in the statement of activities are the same. There are no reconciling items.

Change in Net Assets of Governmental Activities \$ 27,738

The accompanying notes are an integral part of this financial statement.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Excelsior Language Academy of Hialeah Inc., (the “School”) is a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of 7 members.

The general operating authority of Excelsior Language Academy of Hialeah Inc. (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2012. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2009, when 451 students were enrolled in grades kindergarten through eighth.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – used to account for the full-time equivalent (FTE) revenue received from the School Board and the expenditures incurred under the School contract with the School Board. In addition, it is used to account for unrestricted contributions, interest income and other income.

Capital Projects Fund – used to account for Capital Outlay funds and School Infrastructure Thrift (SIT) funds. These funds have been segregated to account for renovation to the existing facility or the acquisition of new facilities.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
Additionally, the School reports the following fiduciary fund type:

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Excelsior Language Academy of Hialeah Inc., (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Fund Balance

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

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the "School Board") pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (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 calculations 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. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

NOTE 3 – INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The School has entered into an agreement with the Leona Group Florida, LLC (“TLGF”), a professional charter school management company, to provide management and administrative services to the School. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of the School. The contract calls for a fee equal to 12% of the gross receipts of the school. During the year-ended June 30, 2009, TLGF waived all management fees.

In addition TLGF has paid certain expenses on behalf of the School. During this year, TLGF contributed \$54,000 as a one-time donation. Finally, the School owes TLGF \$112,173 at June 30, 2009 and is recorded as the Due to Fiscal Agent on the Statement of Net Assets.

The School entered into an operating lease agreement in August 2008 for the use of facilities. The term of this lease commenced on August 1, 2008 and shall expire on July 31, 2023. The School has the right to extend the term for two additional periods of ten years each. For the year ended June 30, 2009, the total rent expense was approximately \$597,500. Future minimum lease payments are as follows:

<u>Fiscal Years</u>	<u>Amount</u>
2010	\$ 936,087
2011	973,527
2012	992,995
2013	1,012,858
2014	1,033,117
2015-2019	5,376,367
2020-2024	4,701,276
Total	<u>\$ 15,026,227</u>

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – COMMITMENTS AND CONTINGENCIES (Continued)

Finally, the School entered into an agreement in October 2008 to lease equipment through the management company. (See Note 5) The term of the lease is for 60 months and requires monthly payments of \$9,806. Total expenses for the year under this lease were \$88,257. Future minimum lease payments are as follows:

<u>Fiscal Years</u>	<u>Amount</u>
2010	\$ 117,676
2011	117,676
2012	117,676
2013	117,676
2014	29,419
Total	<u>\$ 500,123</u>

NOTE 5– RELATED PARTIES

The Board believes that it is independent of the management company and is not influenced by the management company in its decision-making if the Board feels it is not in the best interest of the School. In keeping with the requirements for providing full disclosure item one is discussed below.

1. Management Service Contract

The management company, TLGF provides oversight and management services based on a contractual agreement with the School. In its capacity as the management company, TLGF manages the finances and operations and makes recommendations to the School's independent board of directors which makes the final determinations regarding policies and contracts. (See Note 4)

NOTE 6 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2009, the carrying amount of the School's cash deposit account was \$95,061 (operating) and the respective bank balance totaled \$235,384 (operating). The amount of deposits at year end, were in compliance with the Federal Depository Insurance Corporation (FDIC) limit.

NOTE 7 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 8 – SUBSEQUENT EVENT

Subsequent to year-end, the Board of Directors voted to terminate the management agreement with the Leona Group Florida, LLC due to the breach of contract.

REQUIRED SUPPLEMENTARY INFORMATION

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL, INC.
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund Budget		Actual by Governmental Funds		
	Original Budget	Final Budget	Total All Funds	General Fund	Capital Fund
REVENUES					
State government grants	\$ 3,941,853	\$ 2,747,165	\$ 2,702,130	\$ 2,702,130	\$ -
Capital outlay funding and other grants	175,000	215,696	35,655	35,655	-
Charges for services and other grants	319,645	63,990	184,734	184,734	-
Other income	-	54,000	56,906	56,906	-
TOTAL REVENUE	\$ 4,436,498	\$ 3,080,851	\$ 2,979,425	\$ 2,979,425	-
EXPENDITURES					
Instructional services	\$ 1,966,711	\$ 1,214,057	\$ 1,234,481	\$ 1,234,481	-
Pupil personnel services	12,000	-	9,171	9,171	-
Instructional staff training services	3,000	-	595	595	-
Board	-	-	6,103	6,103	-
General administration	7,750	10,500	-	-	-
School administration	282,345	244,493	246,523	246,523	-
Facilities acquisition, construction & other capital outlay	-	-	-	-	-
Fiscal services	697,240	135,454	134,962	134,962	-
Food services	-	102,915	212,149	212,149	-
Central services	129,166	69,834	62,559	62,559	-
Pupil transportation services	133,200	74,925	69,940	69,940	-
Operation of plant	963,198	1,111,243	934,308	934,308	-
Maintenance of plant	-	-	27,428	27,428	-
Administrative and technology services	13,000	-	-	-	-
Community services	64,294	18,829	13,468	13,468	-
TOTAL EXPENDITURES	4,271,904	2,982,250	2,951,687	2,951,687	-
Net change in fund balance	\$ 164,594	\$ 98,601	\$ 27,738	\$ 27,738	\$ -

PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
MARIA C. PEREZ-ABREU, C.P.A.
KATRINA Y. RAMOS, C.P.A.
MARIO A. SARIOL, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.
TAB VERDEJA, C.P.A.

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

Board of Directors of
Excelsior Language Academy of Hialeah, Inc.
Hialeah, Florida

We have audited the basic financial statements of the governmental activities and each major fund of Excelsior Language Academy of Hialeah, Inc., (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 24, 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 School'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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organizations internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 24, 2009

MANAGEMENT LETTER

PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
 MARIA C. PEREZ-ABREU, C.P.A.
 KATRINA Y. RAMOS, C.P.A.
 MARIO A. SARIOL, C.P.A.
 ALEJANDRO M. TRUJILLO, C.P.A.
 OCTAVIO F. VERDEJA, C.P.A.
 TAB VERDEJA, C.P.A.

Board of Directors of
 Excelsior Language Academy of Hialeah, Inc.
 Hialeah, Florida

We have audited the basic financial statements of the governmental activities and each major fund of Excelsior Language Academy of Hialeah, Inc. (the "School") a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2009, and have issued our report dated September 24, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our independent auditors' report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated September 24, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, *Rules of the Auditor General*, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings made in the preceding annual financial audit report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures; (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the School is Excelsior Language Academy of Hialeah, Inc.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Excelsior Language Academy of Hialeah, Inc., Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Excelsior Language Academy of Hialeah, Inc.'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja & De Armas, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 24, 2009