

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.

***BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION***

Year Ended June 30, 2009

Tree of Knowledge Learning Academy, Inc.

TABLE OF CONTENTS

	<u>Page No.</u>	
INDEPENDENT AUDITORS' REPORT	1	
MANAGEMENT'S DISCUSSION AND ANALYSIS	3	
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements:		
Statement of Net Assets	6	
Statement of Activities	7	
Fund Financial Statements:		
Balance Sheet – Governmental Funds	8	
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets.....	9	
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11	
Notes to Financial Statements.....	12	
REQUIRED SUPPLEMENTAL INFORMATION		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds	18	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		19
MANAGEMENT LETTER	21	
MANAGEMENT'S RESPONSE	24	



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tree of Knowledge Learning Academy, Inc.
Miami, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Tree of Knowledge Learning Academy, Inc ("TOKLA"), a Charter School, as of and for the year ended June 30, 2009, which collectively comprises Tree of Knowledge Learning Academy, Inc.'s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Management of TOKLA. Our responsibility is to express an opinion on these 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 of America. 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 my opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of TOKLA 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.

The accompanying financial statements have been prepared assuming that TOKLA will continue as a going concern. As more fully described in Note F to the financial statements, the board of directors of TOKLA voted to relinquish TOKLA's charter subsequent to June 30, 2009. These conditions raise substantial doubt about TOKLA's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2009, on our consideration of TOKLA'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.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, regulatory agencies of federal and state governments and the School Board of Miami Dade. It is not intended to be and should not be used by anyone other than these specified parties.



September 29, 2009
Hollywood, FL

**TREE OF KNOWLEDGE LEARNING ACADEEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Our discussion and analysis of the Tree of Knowledge Learning Academy, Inc.'s ("TOKLA") financial program provides an overview of TOKLA's financial activities for the year ended June 30, 2009.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with TOKLA's financial statements which begin on page 6.

For financial statement purposes, TOKLA is considered a component unit of the School District of Miami-Dade County, which is a primary government entity for financial reporting. TOKLA has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of TOKLA by providing information on inflows and outflows of spendable resources, while the Statement of Net Assets and the Statement of Activities provide information on the activities of TOKLA.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of TOKLA's financial position. Included in these statements are all assets and liabilities using the accrual method of accounting. All of the current year's revenues and expenses are recorded when received.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental Funds - All of TOKLA's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a

**TREE OF KNOWLEDGE LEARNING ACADEEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

detailed short-term view of the TOKLA's governmental activities and the basic services it provides.

Notes to the 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 12-17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of TOKLA's financial position. TOKLA's assets exceeded liabilities by \$47,269 at June 30, 2009.

NET ASSETS

Current Assets		<u>\$ 115,667</u>
Total Assets		<u>\$ 115,667</u>
Capital Assets		\$ -
Total Capital Assets		<u>\$ -</u>
Accounts Wages and Taxes		<u>\$ 68,338</u>
Total Liabilities		<u>\$ 68,338</u>
Investment in Capital Assets		\$ -
Unrestricted		47,269
Restricted		<u>-</u>
Total Net Assets		<u>\$ 47,269</u>

Revenues for governmental activities totaled \$617,928 for the year ended June 30, 2009. The main source of revenue was from the Florida Education Finance Program ("FEFP"). This revenue represented approximately 96% of total revenue.

Revenue Source	Amount	% of Total
Implementation grant	\$ 24,099	4%
State funds through local district	592,642	96%
Other Revenue	<u>1,187</u>	<u>0%</u>
Total	<u>\$ 617,928</u>	<u>100%</u>

**TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Expenses for major functions of TOKLA are shown in the following table:

<u>Expenses</u>	<u>Amount</u>	<u>% of Total</u>
Exceptional student education	\$ 277,521	48.6%
Instructional technology	4,922	0.9%
Board expenses	19,431	3.4%
School administration	241,266	42.3%
Operation of plant	25,308	4.4%
Maintenance of plant	-	0.0%
Fiscal services	2,211	0.4%
	<u>\$ 570,659</u>	<u>100.0%</u>

CURRENT YEAR VS PRIOR YEAR RESULTS

The 2008-2009 school year was the first year that TOKLA enrolled students. Therefore, there are no prior year results to compare the current year to.

BUDGETARY HIGHLIGHTS

Actual revenue was \$152,690 more than budgeted because TOKLA budgeted to receive less funds from FEFP based on total amount budgeted per student.

Instruction and other functional expenses were \$39,020 more than the amount budgeted because TOKLA budgeted less than actual amounts incurred in the exceptional student education and administration functions, specifically for salaries.

Total fund balance of the General Fund was \$47,269 at June 30, 2009.

PROSPECTS FOR THE FUTURE

In early August 2009, TOKLA relinquished its charter to the Miami-Dade School District.

Tree of Knowledge Learning Academy, Inc.
Statement of Net Assets
June 30, 2009

		Governmental Activities
ASSETS		
CURRENT ASSETS		
Cash	\$	115,607
Accounts Receivable		-
Total current assets		115,607
 CAPITAL ASSETS		
Capital Assets, Net of Accumulated Depreciation		
Furniture, fixtures and equipment		-
Total capital assets		-
Total assets	\$	115,607
LIABILITES AND NET ASSETS		
LIABILITES		
Accounts Payable and Accrued Expenses	\$	-
Accrued Wages and Taxes		68,338
Total liabilities		68,338
 NET ASSETS		
Investment in Capital Assets		-
Unrestricted		47,269
Restricted		-
Total net assets		47,269
Total liabilities and net assets	\$	115,607

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

Tree of Knowledge Learning Academy, Inc.
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Exceptional student education	\$ 277,521	\$ -	\$ -	\$ -	\$ (277,521)
Instructional technology	4,922	-	-	-	(4,922)
Board expenses	19,431	-	18,931	-	(500)
School administration	241,266	-	4,440	-	(236,826)
Operation of plant	25,308	-	-	-	(25,308)
Maintenance of plant	-	-	-	-	-
Fiscal services	2,211	-	728	-	(1,483)
Total governmental activities	\$ 570,659	\$ -	\$ 24,099	\$ -	\$ (546,560)

General Revenues	
State through local school district	592,642
Investment Earnings	187
Other Revenues	1,000
Total General Revenues	593,829
Change in net assets	47,269
Net assets, July 1, 2008	-
Net assets, June 30, 2009	\$ 47,269

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

Tree of Knowledge Learning Academy, Inc.
Balance Sheet - Governmental Funds
June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 115,607	\$ -	\$ 115,607
Receivables	-	-	-
Total Assets	<u>\$ 115,607</u>	<u>\$ -</u>	<u>\$ 115,607</u>
LIABILITES			
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -
Accrued Wages and Taxes	<u>68,338</u>	<u>-</u>	<u>68,338</u>
Total Liabilities	<u>68,338</u>	<u>-</u>	<u>68,338</u>
FUND BALANCES			
Unrestricted	47,269	-	47,269
Restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>47,269</u>	<u>-</u>	<u>47,269</u>
 Total Liabilities and Fund Balances	 <u>\$ 115,607</u>	 <u>\$ -</u>	 <u>\$ 115,607</u>

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

Tree of Knowledge Learning Academy, Inc.
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Fund Balance - Governmental Funds	\$	47,269
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$	-	
Less accumulated depreciation		-	
		-	

Net Assets of Governmental Activites	\$	<u>47,269</u>
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The accompanying notes are an integral part of this financial statement.

Tree of Knowledge Learning Academy, Inc.
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES			
Federal passed through local school district	\$ -	\$ 24,099	\$ 24,099
State passed through local school district	592,642	-	592,642
Investment earnings	187	-	187
Other revenue	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL REVENUES	593,829	24,099	617,928
EXPENDITURES/EXPENSES			
Exceptional student education	277,521	-	277,521
Instructional technology	4,922	-	4,922
Board expenses	500	18,931	19,431
School administration	236,826	4,440	241,266
Operation of Plant	25,308	-	25,308
Maintenance of Plant	-	-	-
Fiscal services	<u>1,483</u>	<u>728</u>	<u>2,211</u>
Total expenditures	546,560	24,099	570,659
Expenses over revenues	47,269	-	47,269
Fund balances, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2009	<u>\$ 47,269</u>	<u>\$ -</u>	<u>\$ 47,269</u>

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

Tree of Knowledge Learning Academy, Inc.
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2009

Net Change in fund balances - governmental funds	\$	47,269
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$	-		
Less current year depreciation		-		
Change in Net Assets of Governmental Activities				\$ 47,269

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

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Tree of Knowledge Learning Academy, Inc. ("TOKLA") operates as a Charter School pursuant to a Charter School Contract ("the Contract") with the School District of Miami-Dade County, Florida ("the District"). Under the Contract, TOKLA provides a kindergarten through twelfth grade education to hospital home bound children admitted to the Public Health Trust at Jackson Memorial Hospital in Miami, Florida. The governing body of TOKLA is the Board of Directors, which is composed of five members.

TOKLA is a non-profit organization that has applied for tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

The general operating authority of TOKLA is contained in Section 1002.33, Florida Statutes. The current charter is for a term of 5 school years commencing with the 2008 – 2009 school year and expiring June 30, 2013. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. 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 TOKLA in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

Criteria for determining if other entities are potential component units which should be reported within TOKLA'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 TOKLA is financially accountable and other organizations for which the nature and significance of their relationship with TOKLA are such that exclusion would cause TOKLA's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of TOKLA. TOKLA is a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of TOKLA. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as TOKLA does not engage in any business type activities.

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets, restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs TOKLA has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about TOKLA's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of TOKLA's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

TOKLA's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. TOKLA reports the following major governmental funds:

General Fund — the general operating fund of TOKLA. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

When both restricted and unrestricted resources are available for use, it is TOKLA's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Budgetary basis of accounting

TOKLA's annual budgets are adopted for the entire operations for TOKLA and may be amended by the Board of Directors (the "Board"). Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation to deficiency of revenues under expenditures presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

5. Cash

Cash is made up of cash on hand at TOKLA and/or checking accounts held at a financial institution.

6. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by TOKLA as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost.

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital assets (continued)

Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2009, TOKLA recorded net capital assets of \$0.

Property, plant and equipment of TOKLA is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture	7
Office equipment	6
Computer equipment	3
Improvements other than buildings	39

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

7. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to TOKLA pursuant to the funding provisions included in TOKLA's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, TOKLA reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for TOKLA is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by TOKLA during designated FTE student survey periods.

TOKLA receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE B - CONCENTRATIONS

1. Revenue sources

As stated in Note A-7, TOKLA receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
Federal funding through district	\$ 24,099
State funding through local district	592,642
Other	1,187
	<u>\$ 617,928</u>

NOTE C – CASH AND INVESTMENTS

TOKLA maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 through December 31, 2013. As of June 30, 2009, there were no uninsured deposit balances.

NOTE D – RELATED PARTIES

TOKLA entered into a management agreement with Learning Tree of Miami-Dade, Inc, a company 100% owned by a family member of the principal of TOKLA. No management fees were paid during the year, but fees were paid for exceptional student education consultants. TOKLA also borrowed and repaid funds to Learning Concepts, Inc., another company 100% owned by a family member of the school. All relationships were disclosed to the board of directors and all transactions between the related parties were at arms length.

TREE OF KNOWLEDGE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE E - RISK MANAGEMENT

TOKLA is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. TOKLA purchases commercial insurance for all material risks of loss to which TOKLA is exposed, including general liability, property and workers compensation.

NOTE F – SUBSEQUENT EVENT

Effective August 7, 2009, TOKLA's board of directors approved the relinquishment of TOKLA's charter to the Miami-Dade School Board.

REQUIRED SUPPLEMENTAL INFORMATION

Tree of Knowledge Learning Academy, Inc.
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009
(Unaudited)

	Governmental Funds				Special		Totals		
	Original and Final Budget	General Fund	Variance	Budget	Revenue Fund	Variance	Budget	Governmental Funds	Variance
Revenues									
Federal passed through local school district	\$ -	\$ -	\$ -	\$ 25,000	\$ 24,099	\$ 901	\$ 25,000	\$ 24,099	\$ 901
State passed through local school district	439,238	592,642	(153,404)	-	-	-	439,238	592,642	(153,404)
Investment earnings	-	187	(187)	-	-	-	-	187	(187)
Other revenue	1,000	1,000	-	-	-	-	1,000	1,000	-
Total revenues	440,238	593,829	(153,591)	25,000	24,099	901	465,238	617,928	(152,690)
Expenses									
Exceptional student education	216,000	277,521	(61,521)	-	-	-	216,000	277,521	(61,521)
Instructional technology	-	4,922	(4,922)	-	-	-	-	4,922	(4,922)
Board expenses	1,500	500	1,000	19,000	18,931	69	20,500	19,431	1,069
School administration	198,600	236,826	(38,226)	5,272	4,440	832	203,872	241,266	(37,394)
Operation of Plant	15,889	25,308	(9,419)	-	-	-	15,889	25,308	(9,419)
Maintenance of Plant	-	-	-	-	-	-	-	-	-
Fiscal services	-	1,483	(1,483)	728	728	-	728	2,211	(1,483)
Total expenses	431,989	546,560	(114,571)	25,000	24,099	901	456,989	570,659	(113,670)
Revenues over Expenses	\$ 8,249	\$ 47,269	\$ (39,020)	\$ -	\$ -	\$ -	\$ 8,249	\$ 47,269	\$ (39,020)
Fund Balance, July 1, 2008	-	-	-	-	-	-	-	-	-
Fund Balance, June 30, 2009	\$ -	\$ 47,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,269	\$ -

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



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**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 Members of
Tree of Knowledge Learning Academy, Inc.
Miami, Florida

We have audited the basic financial statements of the Tree of Knowledge Learning Academy, Inc. ("TOKLA") as of and for the year ended June 30, 2009, and have issued our report thereon dated September 29, 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the TOKLA'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 TOKLA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TOKLA'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 TOKLA'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 TOKLA's financial statements that is more than inconsequential will not be prevented or detected by the TOKLA'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 TOKLA'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 TOKLA'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 TOKLA, in a separate letter dated September 29, 2009.

This report is intended solely for the information and use of the Board of Directors, management, regulatory agencies of federal and state governments and the School Board of Miami Dade County. It is not intended to be and should not be used by anyone other than these specified parties.



September 29, 2009
Hollywood, Florida



Members of:

American Institute of CPAs

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• Tax Division

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MANAGEMENT LETTER

To the Board of Directors
Tree of Knowledge Learning Academy, Inc.
Miami, Florida

We have audited the basic financial statements of the Tree of Knowledge Learning Academy, Inc. ("TOKLA") as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 29, 2009.

We issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters dated September 29, 2009. Disclosures in that report, if any, should be considered in conjunction with this management letter.

The discussion required by the rules of the Auditor General follows:

1. This is the first year of operations for TOKLA, so there were no previous violations or comments.
2. There were no violations of laws, rules, regulations, and contractual provisions that: (1) have occurred, or are likely to have occurred and (2) were discovered within the scope of the financial audit; and (3) may or may not have materially affected the financial statements.
3. Please see the attached recommendations to improve the charter school's present financial management, accounting procedures and internal controls.
4. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
5. There were no matters requiring correction which may or may not materially affect the financial statements reported on, including, but not limited to:
 - Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
 - Failures to properly record financial transactions.
 - Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

6. The official title of TOKLA is *Tree Of Knowledge Learning Academy, Inc.*, which is a component unit of the School District of Miami Dade County, which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Act, and Section 228.056, Florida Statutes.
7. In connection with our audit, we determined that the Tree of Knowledge Learning Academy, Inc. did not meet the condition described in Section 218.503(1) and, therefore, a financial emergency will not be reported.

This management letter is intended for the information of the Tree of Knowledge Learning Academy, Inc.'s management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Infante & Company

September 29, 2009
Hollywood, Florida

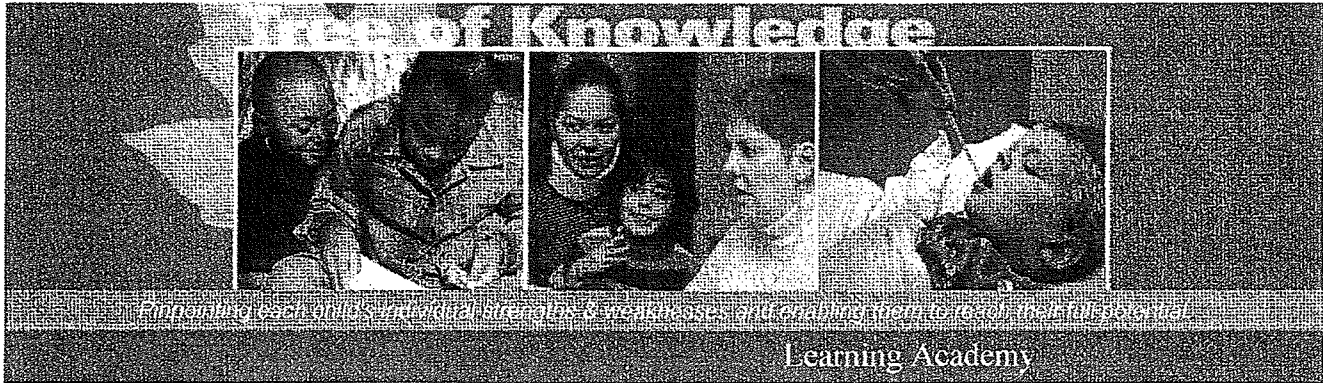
Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls

09-1 Large variances in budget versus actual expenses by function

We noted that in certain expense functions, there were large variances between amounts budgeted versus actual expenses incurred. We recommend that the board of directors review the budget versus actual reports and if large variances are noted, an adjustment to the budget should be made in order to better forecast the remainder of the year.

09-2 Segregation of duties within the management company

TOKLA has a management company handling all financial aspects of the business. The management company has one employee who is performing a variety of duties, some of which may be incompatible. For instance, the employee at the management company who handles cash receipts should not record the payments to the accounts receivable detail ledger. Separating these duties will improve internal controls over cash and other assets and reduce the possibility of errors and irregularities. We recommend management immediately isolate any incompatible accounting functions that are the responsibility of one employee and reassign responsibility for these duties, if practical, or create a supervisory review of these functions. Segregation of duties is necessary because financial and accounting records are vulnerable to manipulation and potential fraudulent activity.



BOARD MEMBERS

Sherry S. Epstein
Melvyn G. Howard
Moshe Rothchild
Ilan Sredni
Jason A. Wasser

September 29, 2009

To the School District of Miami-Dade County,

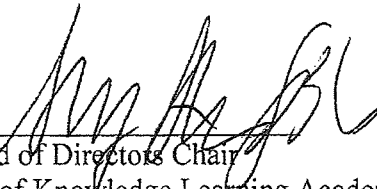
The following is our response to the management letter dated September 29, 2009, and each response is numbered consistently with the numbers assigned in the management letter:

09-1 Large variances in budget versus actual expenses by function

We did not realize the original budget was never amended. Since we have relinquished our charter, we will not have an opportunity to rectify this for the next school year.

09-2 Segregation of duties within the management company

We understand that segregation of duties is necessary because financial and accounting records are vulnerable to manipulation and potential fraudulent activity. However, due to the small size of the management company, the segregation of duties issue can not be rectified. The board of directors reviewed all work performed by the management company which allows an independent look at the financial information.



Board of Directors Chair
Tree of Knowledge Learning Academy, Inc.

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