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Senior High

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2010 AND 2009

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

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Jordan Castellon Ricardo P.L.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy") as of and for the fiscal years ended June 30, 2010 and 2009, as listed in the table of contents. These special purpose financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 2 to the special purpose financial statements, the financial statements being presented are only for the Academy. The special purpose financial statements, disclosures, and account classifications are presented pursuant to the accounting regulations promulgated by Miami-Dade County Public Schools. The special purpose financial statements do not include the statements of financial position, activities, and cash flows of Acting for All, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of Acting for All, Inc. as of June 30, 2010 and 2009, or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with special purpose financial statements as required by the Miami-Dade County Public Schools.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2010, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

  
August 30, 2010

**Certified Public Accountants & Consultants**



ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2010 AND 2009

ASSETS

|   | <u>2010</u>           | <u>2009</u>           |
|---|-----------------------|-----------------------|
| Cash  | \$ 71,682             | \$ 43,333             |
| Due from Miami-Dade County School Board –<br>State of Florida Capital Outlay Distribution | -                     | 16,379                |
| Contribution receivable   | 49,800                | 75,000                |
| Security deposit  | 24,000                | 24,000                |
| Net property and equipment  | <u>37,753</u>         | <u>58,481</u>         |
| <br>TOTAL ASSETS  | <br><u>\$ 183,235</u> | <br><u>\$ 217,193</u> |

LIABILITIES AND NET ASSETS

|                                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|
| Accounts payable and accrued expenses | <u>\$ 79,497</u>      | <u>\$ 153,093</u>     |
| <br>TOTAL LIABILITIES                 | <br>79,497            | <br>153,093           |
| <br>NET ASSETS                        |                       |                       |
| Unrestricted                          | <u>103,738</u>        | <u>64,100</u>         |
| <br>TOTAL LIABILITIES AND NET ASSETS  | <br><u>\$ 183,235</u> | <br><u>\$ 217,193</u> |

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

|  | <u>2010</u>       | <u>2009</u>      |
|--|-------------------|------------------|
| CHANGES IN UNRESTRICTED NET ASSETS                     |                   |                  |
| SUPPORT AND REVENUES                                   |                   |                  |
| Governmental funding – State and Local                 | \$ 2,378,006      | \$ 2,459,651     |
| Other local sources                                    | 101,973           | 127,140          |
| Contributions  | 831,864           | 522,500          |
| TOTAL SUPPORT AND REVENUES                             | <u>3,311,843</u>  | <u>3,109,291</u> |
| EXPENSES   |                   |                  |
| Instruction  | 1,380,145         | 1,213,639        |
| Pupil personnel services                               | 37,419            | 46,489           |
| Instructional media service and curriculum development | 6,339             | 11,686           |
| Board  | 13,500            | 13,500           |
| School administration                                  | 425,960           | 319,318          |
| Fiscal services  | 4,810             | 30,500           |
| Central services                                       | 111,676           | 108,270          |
| Operation of plant                                     | 1,146,022         | 1,150,400        |
| Food services  | 59,076            | 28,045           |
| Depreciation and amortization                          | 20,728            | 23,136           |
| Interest   | -                 | 7,033            |
| Student activities                                     | 66,530            | 102,537          |
| TOTAL EXPENSES   | <u>3,272,205</u>  | <u>3,054,553</u> |
| INCREASE IN UNRESTRICTED NET ASSETS                    | 39,638            | 54,738           |
| NET ASSETS, BEGINNING OF YEAR                          | <u>64,100</u>     | <u>9,362</u>     |
| NET ASSETS, END OF YEAR                                | <u>\$ 103,738</u> | <u>\$ 64,100</u> |

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SPECIAL PURPOSE FINANCIAL STATEMENTS  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

|   | <u>2010</u>          | <u>2009</u>          |
|---|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                      |
| Increase in unrestricted net assets   | <u>\$ 39,638</u>     | <u>\$ 54,738</u>     |
| Adjustments to reconcile increase in unrestricted<br>net assets to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization   | 20,728               | 23,136               |
| Advances from related parties<br>converted to contributions   | -                    | (27,500)             |
| Changes in assets and liabilities:  |                      |                      |
| Decrease in accounts receivable   | 16,379               | 21,994               |
| Decrease (Increase) in contribution receivable  | 25,200               | (75,000)             |
| Decrease in prepaid insurance   | -                    | 6,489                |
| Decrease (increase) in accounts payable<br>and accrued expenses   | <u>(73,596)</u>      | <u>46,576</u>        |
| TOTAL ADJUSTMENTS   | <u>(11,289)</u>      | <u>(4,305)</u>       |
| <br>NET CASH PROVIDED BY<br>OPERATING ACTIVITIES  | <br>28,349           | <br>50,433           |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                      |                      |
| Purchases of property and equipment   | <u>-</u>             | <u>(7,167)</u>       |
| <br>NET INCREASE IN CASH  | <br>28,349           | <br>43,266           |
| <br>CASH, BEGINNING OF YEAR   | <br><u>43,333</u>    | <br><u>67</u>        |
| <br>CASH, END OF YEAR   | <br><u>\$ 71,682</u> | <br><u>\$ 43,333</u> |
| <br><b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>  |                      |                      |
| Cash paid during the year for interest  | <u>\$ -</u>          | <u>\$ 7,033</u>      |

**NONCASH INVESTING AND FINANCING ACTIVITIES:**

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

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 1 – NATURE OF ACTIVITIES

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

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

Enrollment and Grade Configuration for the 2009-2010 school year

| <u>School Name and Address</u>  | <u>Grades</u>   | <u>Enrollment</u>     | <u>School Principal</u> |
|---|---|-----------------------|-------------------------|
| Academy of the Arts and Minds<br>Charter High School<br>3138 Commodore Plaza<br>Coconut Grove, FL 33133 | 9 <sup>th</sup><br>10 <sup>th</sup><br>11 <sup>th</sup><br>12 <sup>th</sup> | 132<br>73<br>64<br>61 | William Machado         |

Board of Directors (Executive Committee)

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

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 1 – NATURE OF ACTIVITIES (CONTINUED)

Educational Excellence School Advisory Committee:

William Machado  
Adhar Mohamed  
Manuel Alonso-Poch  
Natalie Milian  
Mary Albanese  
Carlos Veciana

Jimmy Morales  
Dori Morales  
Mac S. Phillips  
Lili Renteria  
Victoria Seawall  
Sharon Meyers

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

In addition, the accounts of the Academy are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying special purpose financial statements, funds from the Academy's programs are presented in accordance with FASB ASC Topic 958, *Not-For-Profit Entities*. In accordance with FASB ASC Topic 958, *Not-For-Profit Entities*, the recognition of contributions to the Academy, which include unconditional promises to give, is recorded as revenue in the period received or promised at their fair values. Contributions made, including unconditional promises to give, are recognized as expenses in the period made or promised at their fair values.

Under FASB ASC Topic 958, *Not-For-Profit Entities*, the Academy is required to report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted, (2) temporarily restricted, and (3) permanently restricted. Temporarily restricted net assets represent those whose use has been limited (restricted) by restrictions placed either on the time period during when the



ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assets may be used or the purposes for which the assets may be used. Permanently restricted net assets are net assets required by donor restrictions or by law to be maintained by the organization in perpetuity. Unrestricted net assets are all other net assets.

Restricted and Unrestricted Revenue

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

Property and Equipment

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

Revenue Sources

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately \$4,500 for the fiscal year ended June 30, 2009. There was no advertising expense during the fiscal year ended June 30, 2010.

Income Taxes

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

Management Estimates

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

Subsequent Events

Management has evaluated subsequent events through August 30, 2010, the date these special purpose financial statements were available to be issued.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 3 – PROPERTY AND EQUIPMENT

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

|  | <u>2010</u>      | <u>2009</u>      |
|--|------------------|------------------|
| Furniture and fixtures                             | \$ 100,478       | \$ 100,478       |
| Computer equipment and software                    | 21,371           | 21,371           |
| Audio visual and other equipment                   | <u>40,750</u>    | <u>40,750</u>    |
|  | 162,599          | 162,599          |
| Less: Accumulated depreciation<br>and amortization | <u>124,846</u>   | <u>104,118</u>   |
|  | <u>\$ 37,753</u> | <u>\$ 58,481</u> |

Depreciation expense was \$20,728 and \$23,136 for the years ended June 30, 2010 and 2009, respectively.

NOTE 4 – SUPPORT AND REVENUES

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

|   | <u>2010</u>                | <u>2009</u>                |
|---|----------------------------|----------------------------|
| <u>Governmental Funding – State and local</u>       |                            |                            |
| Miami-Dade County School Board:                     |                            |                            |
| Florida Education Finance Program                   | \$ 2,101,079               | \$ 2,129,755               |
| Florida Teachers Leaders                            | 8,445                      | 7,342                      |
| Capital Outlay                                      | 268,482                    | 277,227                    |
| Florida School Recognition Award                    | -                          | 45,327                     |
| TOTAL   | <u>2,378,006</u>           | <u>2,459,651</u>           |
| <u>Other Local Source:</u>                          | 101,973                    | 127,140                    |
| <u>Other:</u>                                       |                            |                            |
| Contributions from third parties<br>(Notes 5 and 6) | <u>831,864</u>             | <u>522,500</u>             |
| <b>TOTAL SUPPORT AND REVENUES</b>                   | <u><u>\$ 3,311,843</u></u> | <u><u>\$ 3,109,291</u></u> |

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 5 – RELATED PARTY TRANSACTIONS

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

During the years ended June 30, 2010 and 2009, the Spokesman made contributions to the Academy in the amount of \$441,500 and 522,500, respectively, to be used by the Academy to fund operational expenses.

During the fiscal years ended June 30, 2010 and 2009, the Academy incurred food costs in the amount of approximately \$59,000 and \$88,000, from A & M Square Food Services, LLC, an entity owned by the Spokesman.

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

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

NOTE 6 – LEASE AGREEMENT

The Academy has a lease agreement with the Plaza. The lease term was for one year, and ended on June 30, 2010, with an option to extend the lease term annually through June 30, 2034. The Academy exercised its option to extend the lease term through June 30, 2011, under the same terms and conditions as the previous year.

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

During the year ended June 30, 2010, the Plaza forgave rent due from the Academy for \$390,364. This amount is included in the special purpose financial statements under the caption ‘Contributions’ reflected in the statements of activities.

Rent expense was approximately \$928,000 for each year ended June 30, 2010 and 2009.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 7 – RISK MANAGEMENT

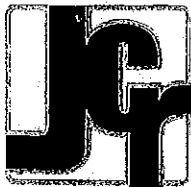
Insurance for general liability, property coverage and other are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

NOTE 8 – RECLASSIFICATIONS

Certain amounts in the year ended June 30, 2009 special purpose financial statements presented have been reclassified to conform to the year ended June 30, 2010 special purpose financial statements presentation. These reclassifications have no effect on previously reported financial position, results of operations, and cash flows.

NOTE 9 – PLANS FOR CONTINUED OPERATIONS

The Academy of Arts and Minds Charter High School commences the 2010-2011 school year, (its seventh year of operation). Management believes that through fundraising and careful financial planning the Academy was able to overcome difficulties raised from a reduction of governmental funding for the 2009-10 school year. In addition, Management believes that improved recruitment, coupled with what it believes to be a strong academic and artistic program has resulted in a significant increase in enrollment for the 2010-2011 school year. For the 2010-2011 school year, the Academy added more space that became available in the building where its facilities are located. This resulted in its infrastructure being able to accommodate up to its capacity of 500 students, as allowed by its charter. Management believes that the Academy's increased enrollment and its improved fundraising efforts will provide for a stable financial position for the coming school years.



Jordan Castellon Ricardo P.L.

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

Board of Directors  
Academy of Arts and Minds Charter High School

We have audited the special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy") as of and for the fiscal years ended June 30, 2010 and 2009, and have issued our report thereon dated August 30, 2010. 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 Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

**Certified Public Accountants & Consultants**




Board of Directors  
Academy of Arts and Minds Charter High School  
(Continued)

Compliance and Other Matters

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

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



Coral Gables, Florida  
August 30, 2010

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?  Yes  No

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

Noncompliance material to financial statements noted?  Yes  No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

NONE

PRIOR YEAR FINDINGS

FINDING 09-01 – ACCRUAL BASIS ACCOUNTING

Observation

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

Status

Corrective action taken



ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009  
(CONTINUED)

FINDING 09-02 -- CONTROLS OVER CASH DISBURSEMENTS

Observation

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

Status

Corrective action taken



Jordan Castellon Ricardo P.L.

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

We have audited the special purpose financial statements of Academy of Arts and Minds Charter High School (the "Academy") as of and for the fiscal years ended June 30, 2010 and 2009, and have issued our report thereon dated August 30, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, which is dated August 30, 2010, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with 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 auditors' 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. Corrective actions have been taken to address findings and recommendations 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 provisions of contracts or grant agreements, or abuse, 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 have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit we did not have any such findings.

**Certified Public Accountants & Consultants**

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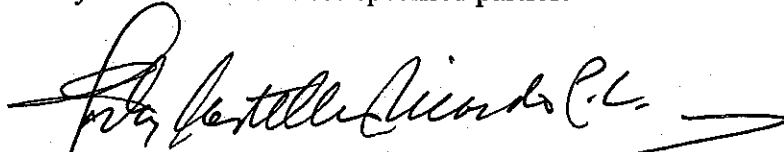
Board of Directors  
Academy of Arts and Minds Charter High School  
(Continued)

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 Academy of Arts and Minds Charter High School.

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 the Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Academy'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 for the information and use of the Board of Directors, Management, the Auditor General of the State of Florida, and the Miami-Dade County School Board, and is not intended to be and should not be used by anyone other than these specified parties.



Jordan Castellon Ricardo P.L.  
Coral Gables, Florida  
August 30, 2010