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ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2010

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2010

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**BASIC
FINANCIAL STATEMENTS**



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Archimedean Upper Conservatory,
A Department of Archimedean Academy, Inc.
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities, the General Fund and the aggregate remaining fund information of Archimedean Upper Conservatory (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2010, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities, and General Fund and aggregate remaining fund information of the School that is attributable to the transactions of Archimedean Upper Conservatory. They do not purport to, and do not, present fairly the financial position of Archimedean Academy, Inc. as of June 30, 2010, and its changes in financial position or budgetary comparison, where applicable for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the Governmental Funds of the School as of June 30, 2010, and the respective changes in financial position and budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Archimedean Upper Conservatory

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2010, on our consideration of the School's internal control over financial reporting and 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 audit.

The Management's Discussion and Analysis on pages 3 through 7, is not a required part of the basic financial statements, but is supplementary information required by the 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 supplementary information. However, we did not audit the information and express no opinion on it.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

As management of Archimedean Upper Conservatory (the "School"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2010.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information.

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year's operations.

- The School's total assets exceeded its liabilities as of June 30, 2010 by \$ 249,023 (net assets).
- The School's net assets increased by \$ 194,371 during the current fiscal year as a result of this year's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide basic financial statements

The government-wide basic 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, 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 the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

All of the funds of the School are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts an annual budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The governmental fund basic financial statements can be found on pages 10 and 12 of this report.

Notes to basic financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 15 through 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for two years; therefore, comparative government-wide data is presented. The School's net assets were \$ 249,023 at June 30, 2010. Of this amount, \$ 32,579 represented unrestricted net assets and \$ 216,444 represented amounts invested in capital assets, net of related debt. See "Financial Highlights" on page 3 of this report for an explanation of the reason for the change in net assets.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

Our analysis in the table below focuses on the net assets of the School's governmental activities:

| Archimedean Upper Conservatory Net Assets | | |
|----------------------------------------------------|------------|------------|
| | 2010 | 2009 |
| ASSETS: | | |
| Current assets | \$ 359,947 | \$ 413,739 |
| Capital assets, net of depreciation | 216,444 | 49,619 |
| Total assets | 576,391 | 463,358 |
| LIABILITIES: | | |
| Current liabilities | 327,368 | 408,706 |
| Total liabilities | 327,368 | 408,706 |
| NET ASSETS: | | |
| Invested in capital assets, net of related debt | 216,444 | 49,619 |
| Unrestricted | 32,579 | 5,033 |
| Total net assets | \$ 249,023 | \$ 54,652 |

Governmental activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the year ended June 30, 2010:

| Archimedean Upper Conservatory Changes in Net Assets | | |
|---------------------------------------------------------|------------|------------|
| | 2010 | 2009 |
| REVENUES: | | |
| General revenues | \$ 713,603 | \$ 606,892 |
| Program revenues | 73,892 | 55,070 |
| Other revenues | 507,336 | 174,303 |
| Total revenues | 1,294,831 | 836,265 |

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

| | <u>2010</u> | <u>2009</u> |
|----------------------------------------|-----------------------|----------------------|
| FUNCTIONS/PROGRAM EXPENSES: | | |
| Instruction | 450,379 | 367,175 |
| Instructional support services | 556,705 | 249,498 |
| Operation of noninstructional services | <u>93,376</u> | <u>164,940</u> |
| Total functions/program expenses | <u>1,100,460</u> | <u>781,613</u> |
| Increase in net assets | \$ <u>194,371</u> | \$ <u>54,652</u> |

GOVERNMENTAL FUND EXPENDITURES

In the table below, we have presented the corporation costs of the total governmental expenditures:

| <u>Functions/Programs</u> | <u>2010 Expenditures</u> | <u>2009 Expenditures</u> |
|-------------------------------------|--------------------------|--------------------------|
| Governmental expenditures: | | |
| Regular instruction | \$ 418,686 | \$ 362,647 |
| Instructional services | 322,071 | 27,350 |
| Administrative services | 71,622 | 68,290 |
| Plant operations and maintenance | 151,418 | 153,286 |
| All other functions/programs | <u>303,488</u> | <u>219,659</u> |
| Total governmental expenditures | \$ <u>1,267,285</u> | \$ <u>831,232</u> |

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were approximately 33.2% greater than budgeted amounts for the General Fund as a result of unbudgeted in-kind revenues from professional teaching supplied by the Greek Government. Total expenditures were approximately 37.4% greater than budgeted amount principally due to the same reason. Other teacher related expenses caused additional unanticipated expenses in addition to the above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2010, the School had capital assets of \$ 216,444, net of accumulated depreciation, invested in computer equipment, furniture, equipment and textbooks, and improvements. Additional detail is available in Note 5 of the footnotes.

Debt

The School had no outstanding debt at June 30, 2010.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

ECONOMIC FACTORS

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School for fiscal year 2010-2011 include:

- Increases in education funding of approximately 7%
- Increases in student enrollment from 65 students to 90 students

REQUESTS FOR INFORMATION

If you have any questions about this report or need additional information, please write to Mr. Dimitrios Bardoutsos at Archimedean Academy, Inc.; 12425 S.W. 72nd Street (Sunset Drive); Miami, Florida 33183.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF NET ASSETS
June 30, 2010

A S S E T S

| | <u>Governmental Activities</u> |
|-------------------------------------------------|------------------------------------|
| CURRENT ASSETS: | |
| Due from other governments | \$ 21,975 |
| Due from other agencies | 309,016 |
| Deposits | 786 |
| Prepaid expenses | <u>28,170</u> |
| Total current assets | 359,947 |
| NONCURRENT ASSETS: | |
| Capital assets, net of accumulated depreciation | <u>216,444</u> |
| Total assets | <u>576,391</u> |

L I A B I L I T I E S A N D N E T A S S E T S

| | |
|-------------------------------------------------|-------------------|
| CURRENT LIABILITIES: | |
| Accounts payable | 5,964 |
| Accrued expenses | 42,813 |
| Cash overdraft | 4,640 |
| Due to other schools | <u>273,951</u> |
| Total current liabilities | <u>327,368</u> |
| CONTINGENCIES (Note 7) | |
| | - |
| NET ASSETS: | |
| Invested in capital assets, net of related debt | 216,444 |
| Unrestricted | <u>32,579</u> |
| Total net assets | <u>\$ 249,023</u> |

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

| FUNCTIONS/PROGRAMS: | <u>Expenses</u> | Program Revenues | | | <u>Governmental Activities</u> |
|---------------------------------------------|-------------------------|-------------------------------------|---------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net Revenue (Expense) and Change in Net Assets</u> |
| Instruction: | | | | | |
| Regular instruction | \$ 450,379 | \$ - | \$ - | \$ - | \$ (450,379) |
| Instructional support services: | | | | | |
| Pupil personnel services | 3,010 | - | - | - | (3,010) |
| Instructional and curriculum services | 316,437 | - | - | - | (316,437) |
| Instructional staff training services | 2,624 | - | - | - | (2,624) |
| School administration | 77,523 | - | - | - | (77,523) |
| Operation of plant | 134,698 | - | - | 73,892 | (60,806) |
| Maintenance of plant | 22,413 | - | - | - | (22,413) |
| Operation of non-instructional services: | | | | | |
| General administration | 39,863 | - | - | - | (39,863) |
| Board services | 14,723 | - | - | - | (14,723) |
| Fiscal services | 31,107 | - | - | - | (31,107) |
| Community services | (900) | - | - | - | 900 |
| Central services | 7,724 | - | - | - | (7,724) |
| Interest expense | 859 | - | - | - | (859) |
| Total governmental activities | <u>\$ 1,100,460</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 73,892</u> | <u>(1,026,568)</u> |
| General revenues: | | | | | |
| Grants and entitlements | | | | | 713,603 |
| Contributions and other | | | | | 387,336 |
| Transfer in | | | | | 120,000 |
| Total general revenues | | | | | <u>1,220,939</u> |
| Change in net assets | | | | | 194,371 |
| Net assets, July 1, 2009 | | | | | <u>54,652</u> |
| Net assets, June 30, 2010 | | | | | <u>\$ 249,023</u> |

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

A S S E T S

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|----------------------------|-----------------|-----------------------------|--------------------------------|
| ASSETS: | | | |
| Due from other governments | \$ 13,227 | \$ 8,748 | \$ 21,975 |
| Due from other agencies | 309,016 | - | 309,016 |
| Internal balances | 8,748 | (8,748) | - |
| Deposits | 786 | - | 786 |
| Prepaid expenditures | 28,170 | - | 28,170 |
| Total assets | \$ 359,947 | \$ - | \$ 359,947 |

L I A B I L I T I E S A N D F U N D B A L A N C E

| | | | |
|---------------------------------------|------------|------|------------|
| LIABILITIES: | | | |
| Accounts payable | \$ 5,964 | \$ - | \$ 5,964 |
| Accrued expenses | 42,813 | - | 42,813 |
| Cash overdraft | 4,640 | - | 4,640 |
| Due to other schools | 273,951 | - | 273,951 |
| Total liabilities | 327,368 | - | 327,368 |
| FUND BALANCE: | | | |
| Reserved for: | | | |
| Prepaid expenditures | 28,170 | - | 28,170 |
| Unreserved | 4,409 | - | 4,409 |
| Total fund balance | 32,579 | - | 32,579 |
| Total liabilities and fund balance | \$ 359,947 | \$ - | \$ 359,947 |

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
 June 30, 2010

| | | |
|---------------------------------------------------|----|--------|
| TOTAL FUND BALANCE, GOVERNMENTAL FUND, PAGE 10 | \$ | 32,579 |
|---------------------------------------------------|----|--------|

Amounts reported for governmental activities in the statement of net assets are different because:

The cost of capital assets acquired is reported as an expenditures in the governmental funds. The statement of net assets includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

| | | | |
|-------------------------------|----|-----------------|----------------|
| Cost of capital assets | \$ | 271,306 | |
| Less accumulated depreciation | | <u>(54,862)</u> | <u>216,444</u> |

| | | |
|--------------------------------------------------|----|-----------------------|
| NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8 | \$ | <u><u>249,023</u></u> |
|--------------------------------------------------|----|-----------------------|

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

| | General Fund | Capital Projects Fund | Total Governmental Funds |
|--------------------------------------------------------------|-----------------|-----------------------------|--------------------------------|
| REVENUES: | | | |
| State sources | \$ 638,603 | \$ - | \$ 638,603 |
| Federal sources | 75,000 | - | 75,000 |
| Capital outlay funding | - | 73,892 | 73,892 |
| Other revenues | 387,336 | - | 387,336 |
| Total revenues | 1,100,939 | 73,892 | 1,174,831 |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular instruction | 418,686 | - | 418,686 |
| Instructional services: | | | |
| Pupil personnel services | 3,010 | - | 3,010 |
| Instruction and curriculum services | 316,437 | - | 316,437 |
| Instruction staff training services | 2,624 | - | 2,624 |
| School administration | 71,622 | - | 71,622 |
| Operation of plant | 60,806 | 73,892 | 134,698 |
| Maintenance of plant | 16,720 | - | 16,720 |
| Operation of noninstructional services: | | | |
| General administration | 33,962 | - | 33,962 |
| Board services | 14,723 | - | 14,723 |
| Fiscal services | 31,107 | - | 31,107 |
| Community services | (900) | - | (900) |
| Central services | 7,724 | - | 7,724 |
| Interest expense | 859 | - | 859 |
| Capital outlay | 216,013 | - | 216,013 |
| Total expenditures | 1,193,393 | 73,892 | 1,267,285 |
| Net change in fund balance before other financing sources | (92,454) | - | (92,454) |
| OTHER FINANCING SOURCES: | | | |
| Transfer in | 120,000 | - | 120,000 |
| Net change in fund balance | 27,546 | - | 27,546 |
| FUND BALANCE, July 1, 2009 | 5,033 | - | 5,033 |
| FUND BALANCE, June 30, 2010 | \$ 32,579 | \$ - | \$ 32,579 |

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

| | | |
|--------------------------------------------------------------|----|--------|
| Net change in fund balance, total governmental fund, page 12 | \$ | 27,546 |
|--------------------------------------------------------------|----|--------|

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.

| | | | |
|----------------------------------------------|----|-----------------|----------------|
| The cost of property and equipment purchased | \$ | 216,013 | |
| Less current year depreciation expense | | <u>(49,188)</u> | <u>166,825</u> |

| | | |
|---------------------------------------------------------|----|-----------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9 | \$ | <u><u>194,371</u></u> |
|---------------------------------------------------------|----|-----------------------|

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2010

| | Original and Final Budget | Actual | Variance |
|--------------------------------------------------------------|---------------------------------|------------------|------------------|
| REVENUES: | | | |
| State sources | \$ 625,389 | \$ 638,603 | \$ 13,214 |
| Federal sources | 95,000 | 75,000 | (20,000) |
| Other revenues | 105,946 | 387,336 | 281,390 |
| | <u>826,335</u> | <u>1,100,939</u> | <u>274,604</u> |
| Total revenues | | | |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular instruction | 541,196 | 418,686 | (122,510) |
| Instructional services: | | | |
| Pupil personnel services | 6,386 | 3,010 | (3,376) |
| Instruction and curriculum services | 3,924 | 316,437 | 312,513 |
| Instructional staff training services | 36 | 2,624 | 2,588 |
| School administration | 64,000 | 71,622 | 7,622 |
| Operation of plant | 182,368 | 60,806 | (121,562) |
| Maintenance of plant | 19,566 | 16,720 | (2,846) |
| Operation of noninstructional services: | | | |
| General administration | 27,866 | 33,962 | 6,096 |
| Board services | 4,837 | 14,723 | 9,886 |
| Fiscal services | 588 | 31,107 | 30,519 |
| Community services | - | (900) | (900) |
| Central services | 16,961 | 7,724 | (9,237) |
| Interest expense | 885 | 859 | (26) |
| Capital outlay | - | 216,013 | 216,013 |
| | <u>868,613</u> | <u>1,193,393</u> | <u>324,780</u> |
| Total expenditures | | | |
| Net change in fund balance before other financing sources | (42,278) | (92,454) | (50,176) |
| OTHER FINANCING SOURCES: | | | |
| Transfer in | - | 120,000 | 120,000 |
| | <u>-</u> | <u>120,000</u> | <u>120,000</u> |
| Net change in fund balance | <u>\$ (42,278)</u> | <u>\$ 27,546</u> | <u>\$ 69,824</u> |

The accompanying notes to basic financial statements are an integral part of these statements.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - ORGANIZATION AND OPERATIONS

Archimedean Upper Conservatory (the "School"), a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is established as a charter school for children in the ninth grade. As of June 30, 2010, approximately 90 students were enrolled in the school. The School is funded primarily through the School Board of Miami-Dade County. The School was established in March 2008 when the School Board of Miami-Dade County granted Archimedean Academy, Inc. a charter to operate a public high school. The accompanying basic financial statements present the financial position of the School only. The School Board may terminate the charter before its expiration date based on various circumstances as defined in the charter agreement.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Archimedean Upper Conservatory as of June 30, 2010 and its change in financial position or budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2018, and may be renewed for an additional fifteen years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown. Archimedean Upper Conservatory is considered a component unit of the School Board of Miami-Dade County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting guide - Not-for-Profit Organizations and provisions of Section 228.056(10), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide basic financial statements:

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund basic financial statements (reporting the School's individual funds). Both the government-wide and fund basic financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

Fund basic financial statements:

The accounts of the School are organized on the basis of 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 and capital projects, are reported as separate columns in the fund financial statements. The School reports the following fund types:

General fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Capital projects fund - accounts for funds received from the Public Education Outlay program, which are used for the rent of facilities and other allowable capital expenditures.

Measurement focus and basis of accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds used the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund basic financial statements are presented 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 60 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.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary basis accounting:

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the overall expenditures level. The School exceeded its overall budget by \$ 324,780 which was offset by additional revenues generated during the year as well as a transfer in of \$ 120,000 from one of the related schools (Note 8).

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Due from other governments or agencies:

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Prepaid expenses/expenditures:

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund basic financial statements.

Donated goods and services:

The School receives donated teaching services from the Greek government, as well as donated goods, which are Greek textbooks. These donated services are recorded as contributions and a corresponding expense account at their estimated fair value, while the donated goods are recorded as contributions and estimated fair value is capitalized. For the year ended June 30, 2010, the School has received approximately \$ 310,100 in donated teachers' salaries.

Net assets:

Net assets are classified in two categories. The general meaning of each is as follows:

- Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.
- Unrestricted - indicates that portion of net assets that can be used for future operations.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance:

Fund balance is classified in two categories. The general meaning of each is as follows:

- Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.
- Unreserved - indicates the portion of fund balance that can be used for future operations.

Capital assets:

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 500 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the estimated useful lives as follows:

| | |
|-------------------------------------|----------|
| Furniture, equipment, and textbooks | 5 years |
| Computer equipment | 5 years |
| Leasehold improvements | 10 years |

Revenue sources

Revenues for operations are received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. Funding for the School's student population is adjusted during the year to reflect the revised calculations by the Florida Department of Education 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.

Income taxes:

The School is a department of a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Use of 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 reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 - DEPOSITS

At June 30, 2010, the carrying amount of the School's deposits totaled \$ (4,640). The bank balance at a local depository totaled \$ 10,661, which is insured by the FDIC.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2010.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of amounts due from the School Board of Miami-Dade County, Florida and other governments as follows:

| | | |
|--------------------------|----|---------------|
| Capital outlay | \$ | 8,748 |
| School recognition award | | 8,282 |
| MAP receivables | | 4,945 |
| | | <u>21,975</u> |
| | \$ | <u>21,975</u> |

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 are as follows:

| | Balance at July 1, 2010 | Additions | Retirements | Balance at June 30, 2010 |
|------------------------------------|-------------------------------|-------------------|-------------|--------------------------------|
| Capital assets: | | | | |
| Furniture, equipment and textbooks | \$ 50,929 | \$ 88,190 | \$ - | \$ 139,119 |
| Computer equipment | 4,364 | 77,094 | - | 81,458 |
| Leasehold improvements | - | 50,729 | - | 50,729 |
| | <u>55,293</u> | <u>216,013</u> | <u>-</u> | <u>271,306</u> |
| Total capital assets | | | | |
| Accumulated depreciation: | | | | |
| Furniture, equipment and textbooks | (4,801) | (27,824) | - | (32,625) |
| Computer equipment | (873) | (16,291) | - | (17,164) |
| Leasehold improvements | - | (5,073) | - | (5,073) |
| | <u>(5,674)</u> | <u>(49,188)</u> | <u>-</u> | <u>(54,862)</u> |
| Total accumulated depreciation | | | | |
| Net capital assets | \$ <u>49,619</u> | \$ <u>166,825</u> | \$ <u>-</u> | \$ <u>216,444</u> |

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 - CAPITAL ASSETS (continued)

Provision for depreciation was charged to governmental activities as follows:

| | | |
|-----------------------------------------------------------------|----|----------------------|
| Instruction - regular | \$ | 31,693 |
| Instructional support services - school administration | | 5,901 |
| Instructional support services - plant maintenance | | 5,693 |
| Operation of noninstructional services - general administration | | <u>5,901</u> |
| | \$ | <u><u>49,188</u></u> |

NOTE 6 - INTERFUND TRANSACTIONS

Individual interfund receivable and payable balances at June 30, 2010 are as follows:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|-----------------------|---------------------------------|-------------------------------|
| General fund | \$ 8,748 | \$ - |
| Capital projects fund | <u>-</u> | <u>8,748</u> |
| | <u>\$ 8,748</u> | <u>\$ 8,748</u> |

These balances results from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems and (3) payments between funds are actually made.

NOTE 7 - CONTINGENCIES

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.

Post retirement benefits:

The School does not provide post-retirement benefits to retired employees.

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 8 - RELATED PARTY TRANSACTIONS

As mentioned in Note 1 to the financial statements, the School is a department of Archimedean Academy, Inc. (the "Corporation") and is affiliated with Archimedean Academy (the "Academy") and Archimedean Middle Conservatory (the "Conservatory"), other schools operating as departments of the Corporation. The three schools share various costs inherent with operating out of the same facility. In addition, the schools may also advance monies on an interim basis to one another. As a result of these transactions, there remains a net liability due to the Academy of \$ 114,754 and the Conservatory of \$ 159,197 as of June 30, 2010. During the year ended June 30, 2010, the Academy transferred \$ 120,000 to the School to assist with current operating needs.

NOTE 9 - LEASES

The School leases its campus from Archimedean Properties, LLC pursuant to a lease term from July 2005 through June 2012. The School shares its facilities with the Academy and the Middle School. Lease payments are allocated 12% to the School, 50% to the Academy, and 38% to Middle (Note 8). Monthly lease payments are approximately \$ 8,600. The School is also responsible to pay the owners' taxes and insurance costs.

In addition, the School lease office equipment payable is approximately \$ 330 per month through August 2013.

Total rent expense for the year ended June 30, 2010 was approximately \$ 77,300.

Future minimum payments required under the operating leases are approximately as follows:

| Year Ending June 30, | Operating Leases | School Premises Leases |
|-------------------------|---------------------|------------------------------|
| 2011 | \$ 4,000 | \$ 103,000 |
| 2012 | \$ 4,000 | \$ 103,000 |
| 2013 | \$ 670 | \$ NONE |
| Thereafter | \$ NONE | \$ NONE |

NOTE 10 - RISK FINANCING

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.

**OTHER INDEPENDENT
AUDITORS' REPORTS**



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

To the Board of Directors
Archimedean Upper Conservatory
A Department of Archimedean Academy, Inc.
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, each major fund, and the aggregate remaining fund information of Archimedean Upper Conservatory (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2010, which collectively comprises the School's basic financial statements 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 School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 the internal control 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's basic 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 basic 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 by the School's management, Board of Directors, the Auditor General of the State of Florida and various other governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2010



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Archimedean Upper Conservatory
A Department of Archimedean Academy, Inc.
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of Archimedean Upper Conservatory (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2010, which collectively comprise the School's basic financial statements 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 30, 2010, 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 audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

1. 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 and recommendations noted in the previous audit.
2. 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.
3. 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.

Archimedean Upper Conservatory

4. 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. In connection with our audit, we did not have any such findings.
5. 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 Archimedean Upper Conservatory.
6. 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 Archimedean Upper Conservatory did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
7. 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 Archimedean Upper Conservatory's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and the School Board of Miami-Dade County, 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.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2010

ARCHIMEDEAN UPPER CONSERVATORY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2010

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

NONE

CURRENT YEAR FINDINGS AND RESPONSES:

NONE