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Elementary

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
(A Charter School)

SPECIAL PURPOSE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

EARLY BEGINNINGS ACADEMY - CIVIC CENTER

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

I have audited the accompanying special purpose financial statements of Early Beginnings Academy - Civic Center (the School) as of and for the years ended June 30, 2010 and 2009 as listed in the table of contents. These special purpose financial statements are the responsibility of the School's management. My responsibility is to express an opinion on these special purpose financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As explained in Note 1 to the special purpose financial statements, the financial statements being presented is only for the School referred to above, which is a program of United Cerebral Palsy of South Florida Charter Schools, Inc. The special purpose financial statements do not include the statements of financial position, activities and changes in net assets and cash flows of United Cerebral Palsy of South Florida Charter Schools, Inc. (a not-for-profit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of United Cerebral Palsy of South Florida Charter Schools, Inc. as of June 30, 2010 and 2009 or its results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 25, 2010 on my consideration of the School's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

A handwritten signature in black ink, appearing to read "John J. Smith, P.A.", written in a cursive style.

Miami, Florida  
August 25, 2010

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010 AND 2009

	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 319,549	\$ 118,236
Due from Miami-Dade County School Board		
State of Florida Capital Outlay	5,437	6,876
Due from United Cerebral Palsy of South Florida Charter Schools, Inc.	-	15,313
Other receivables	-	19,792
Prepaid expenses	194	-
<b>TOTAL CURRENT ASSETS</b>	<u>325,180</u>	<u>160,217</u>
 <b>PROPERTY AND EQUIPMENT, net</b>	 <u>40,112</u>	 <u>62,551</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 365,292</u></u>	<u><u>\$ 222,768</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 117,377	\$ 103,976
<b>TOTAL CURRENT LIABILITIES</b>	<u>117,377</u>	<u>103,976</u>
<b>LONG-TERM LIABILITIES</b>		
Due to United Cerebral Palsy of South Florida Charter Schools, Inc.	122,454	-
<b>LONG-TERM LIABILITIES</b>	<u>122,454</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>239,831</u>	<u>103,976</u>
<b>NET ASSETS</b>		
Temporarily restricted net assets - restricted for supplies and equipment	2,426	16,360
Unrestricted net assets	123,035	102,432
<b>TOTAL NET ASSETS</b>	<u>125,461</u>	<u>118,792</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 365,292</u></u>	<u><u>\$ 222,768</u></u>

See notes to special purpose financial statements.

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2010 AND 2009

	<u>June 30,</u> 2010	<u>June 30,</u> 2009
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
School Board of Miami-Dade County		
FTE Funding	\$ 2,192,453	\$ 2,058,326
Capital Outlay Funding	69,675	73,347
Other	14,936	-
Other	25	-
	<u>2,277,089</u>	<u>2,131,673</u>
Net assets released from restrictions - satisfaction of temporary restriction	<u>13,935</u>	<u>13,993</u>
<b>TOTAL REVENUES</b>	<b>2,291,024</b>	<b>2,145,666</b>
<b>EXPENSES</b>		
Exceptional student instruction	919,692	897,915
Pupil personnel services	380,063	380,454
Instructional media services	4,383	2,494
Instructional and curriculum development services	11,621	8,665
Instructional staff training services	540	1,260
Board	29,544	34,843
School administration	362,827	271,214
Fiscal services	191,394	110,594
Food services	18,967	17,996
Central services	8,174	6,858
Pupil transportation services	192,740	205,789
Operation of plant	123,259	114,810
Depreciation	27,216	27,274
<b>TOTAL EXPENSES</b>	<u>2,270,420</u>	<u>2,080,166</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>20,604</b>	<b>65,500</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Net assets released from restrictions	<u>(13,935)</u>	<u>(13,993)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(13,935)</u>	<u>(13,993)</u>
<b>TOTAL INCREASE IN NET ASSETS</b>	<u>6,669</u>	<u>51,507</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>118,792</u>	<u>67,285</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 125,461</u></u>	<u><u>\$ 118,792</u></u>

See notes to special purpose financial statements.

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2010 AND 2009

	June 30, 2010	June 30, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 6,669	\$ 51,507
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	27,216	27,274
(Increase) decrease in:		
Due from Miami-Dade County School Board		
State of Florida Capital Outlay	1,439	(6,876)
Other receivables	19,792	(19,792)
Prepaid expenses	(194)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	15,274	16,338
Grant funds refundable	-	(715)
<b>TOTAL ADJUSTMENTS</b>	<b>63,527</b>	<b>16,229</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>70,196</b>	<b>67,736</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to furniture and equipment	(6,650)	(8,945)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6,650)</b>	<b>(8,945)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in balance due to/from United Cerebral Palsy of South Florida Charter Schools, Inc.	137,767	(38,678)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>137,767</b>	<b>(38,678)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>201,313</b>	<b>20,113</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>118,236</b>	<b>98,123</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 319,549</b>	<b>\$ 118,236</b>

See notes to special purpose financial statements.

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009

**Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

United Cerebral Palsy of South Florida Charter Schools, Inc. (the Organization) is a non-profit organization incorporated under the laws of the State of Florida to provide educational and support services to developmentally disabled children and adolescents ages birth through 22 years; be a community resource for children and adolescents with developmental disabilities; and provide daycare, after school and other related services to children and adolescents of the community, including operating charter schools organized pursuant to Section 228.065 of the Florida Statutes (2001).

On November 17, 2004, the School Board of Miami-Dade County, Florida (the School Board) approved the applications submitted by the Board of Directors of United Cerebral Palsy of South Florida Charter Schools, Inc. for the creation of the Early Beginnings Academy - Civic Center (the School) and the Early Beginnings Academy North Shore Charter School (EBA-North Shore). The charter school contract for the School was amended on May 16, 2007 consolidating the operation of the School and EBA North Shore effective for the school year 2007-2008 and providing for operation of the School at three locations (Civic Center, North Shore and Hialeah) serving special education students grades Pre-K to 1<sup>st</sup> grade. The overall maximum enrollment capacity of the School was increased from 80 students to 150 students.

The charter for the School was executed on April 14, 2005 and is effective for a period of 5 years commencing on the first day of the 2005-2006 school year, and ending on June 30, 2010. The charter may be renewed for up to an additional fifteen (15) years by mutual written agreement between the School 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 School in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e), Florida Statutes (2001), the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter for the school was renewed on May 13, 2010 by the School Board for an additional five year period, commencing on the first day of the 2010-2011 school year and ending on June 30, 2015.

The School is accounted for as a program of the Organization. The governing body of the School is the Organization's Board of Directors.

Board of Directors

The Board of Directors of United Cerebral Palsy of South Florida Charter Schools, Inc. consists of the following members:

Roy R. Lustig	Chairperson/President
Jack Schillinger	Vice-Chairperson/Treasurer
Anne Steinhart	Secretary
Marianne Bennett	Member
Jeremy Steinhart	Member



EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 2010 AND 2009

**Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

School Location and Enrollment

<u>School Name and Addresses</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enroll-ment</u>	<u>School Principal</u>
Early Beginnings Academy Civic Center	4070	Pre-K, K & 1 <sup>st</sup>	142	Barbara Penkosky
Location at Civic Center: 1411 N.W. 14th Avenue Miami, Florida 33125				
Location at North Shore: 985 N.W. 91 <sup>st</sup> Street Miami, Florida 33150				
Location at Hialeah: 2700 West 81 <sup>st</sup> Street Hialeah, Florida 33016				

Basis of Presentation

The financial statements, disclosures and account classifications are presented pursuant to the accounting regulations promulgated by the State of Florida Department of Education. The special purpose financial statements present the financial position, activities, net assets and cash flows for the Early Beginnings Academy - Civic Center only and do not include the assets, liabilities, net assets and statements of activities and cash flows of United Cerebral Palsy of South Florida Charter Schools, Inc.

For financial reporting purposes, Early Beginnings Academy - Civic Center is a program of United Cerebral Palsy of South Florida Charter Schools, Inc. and is included in the Organization's annual financial statements.

Classification of Net Assets

Activities of the School are recorded in its Statements of Financial Position and Activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, short-term marketable investments purchased with an original maturity date of three months or less are considered to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009

**Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Accounts Receivable

The School uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on management analysis of possible bad debts. As of June 30, 2010 and 2009, there was no allowance for doubtful accounts.

Property and Equipment

Property and equipment are recorded at cost, except for donated assets which are recorded at their estimated fair value at the date of donation. The straight-line method is used to provide for depreciation over three to ten year estimated useful lives of the assets. The School capitalizes assets with a cost greater than \$1,000 and a useful life greater than one year. Maintenance and repairs are expensed as incurred; replacements and improvements are capitalized.

Due to/from United Cerebral Palsy of South Florida Charter Schools, Inc.

The School is accounted for as a program of United Cerebral Palsy of South Florida Charter Schools, Inc. (the Organization). The amounts due to/from the Organization represents funds advanced or received between the School and the Organization.

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

Revenue Sources

Student funding is provided by the State of Florida Department of Education (FDOE) through the School Board of Miami-Dade County, Florida. In accordance with the charter agreement, the School Board retains five percent as an administrative fee. This funding is received on a pro-rata basis over the twelve month period based on the student attendance reported by the school during the designated Full-Time Equivalent (FTE) survey periods.

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

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009

**Note 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

only for specific purposes in which the School has complied. The School receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted and approved by various granting agencies. For federal awards which require incurring eligible expenditures, revenue is recognized to the extent eligible expenditures have been incurred.

Impairment of Long Lived Assets

Long lived assets held and used by the School are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The School evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset to future net undiscounted cash flows to be generated by the asset. If an asset is considered to be impaired, the impairment to be recognized is equal to the amount by which the carrying amount of the asset exceeds the asset's fair value calculated using a discounted future cash flows analysis or market comparables. Assets held for sale, if any, are reported at the lower of the carrying amount or fair value less cost to sell.

Fair Value Measurements

Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3 - No observable pricing inputs in the market

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The School's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Recent Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued new guidance to establish the FASB Accounting Standards Codification (Codification) as the single source of authoritative nongovernmental U.S. generally accepted accounting principles. The Codification is effective for annual periods ending after September 15, 2009. The adoption of this standard has not had a material effect on the School's financial statements.

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2010 AND 2009

**Note 2 TAX STATUS**

The Organization, and therefore the School, is a non-profit organization exempt from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code and has been classified as a public charity. The School's activities have been in furtherance of the Organization's tax-exempt purpose and there is no unrelated business income subject to taxation.

**Note 3 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent a contribution of \$39,000 received in a prior year from a foundation which is designated for the purpose of funding program supplies and equipment for the School. As of June 30, 2010 and 2009, there remained \$2,426 and \$16,360, respectively, which had not been expended for its designated purpose.

**Note 4 PROPERTY AND EQUIPMENT**

For the years ended June 30, 2010 and 2009, the School's property and equipment consisted of the following:

	2010	2009
Furniture and equipment	\$ 189,118	\$ 184,342
Less: Accumulated depreciation	149,006	121,791
	\$ 40,112	\$ 62,551

Depreciation expense for the years ended June 30, 2010 and 2009 was \$27,216 and \$27,274, respectively.

Upon non-renewal or termination of the School's contract with the School Board, any property, improvements, furnishings and equipment purchased with public funds shall automatically revert to the School Board. As of June 30, 2010, the cost and the net book value of property and equipment purchased with public funds was \$174,771 and \$33,026, respectively.

**Note 5 EMPLOYEE BENEFIT PLAN**

The School has a 403(b) retirement plan. Under 403(b), the employees may contribute up to 100 percent of their annual compensation, subject to certain statutory limitations. The School matches employee contributions at 50 percent up to 6 percent of the employees' contribution. The School's contributions to the 403(b) vest ratably over two to six years of service as specified in the plan. For the years ended June 30, 2010 and 2009, the School's cost under the retirement plan was approximately \$2,398 and \$4,508, respectively.

The plan is held in a trust for the exclusive benefit of the participants and their beneficiaries; consequently, the School has no fiduciary responsibility and the net assets of the plan are not included in the School's special purpose financial statements.

**Note 6 RELATED PARTY TRANSACTIONS**

Because of the existence of common members on the board of directors and other factors, United Cerebral Palsy of South Florida Charter Schools, Inc. and United Cerebral Palsy Association of Miami, Inc. (UCPM) are considered to be related parties for financial statement reporting

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 2010 AND 2009

**Note 6 RELATED PARTY TRANSACTIONS (Continued)**

purposes. UCPM is tax-exempt not-for-profit corporation who provides services to the developmentally disabled and the handicapped. UCPM provides to the School managerial, administrative, accounting and other related services, general liability and property insurance coverage, educational leadership services, funds for start up costs and working capital, and leases classroom space and facilities to the School.

For the year ended June 30, 2010, the agreement between UCPM and the School for administrative and educational leadership services was based on a fee of 13.72 percent of the FTE revenue from the School Board. The fees paid to UCPM for administrative and educational leadership services for the years ended June 30, 2010 and 2009 was \$251,209 and \$108,333, respectively.

In addition, the agreement provides for the following services:

Purchased support services and classroom personnel: Reimbursement for services provided by UCPM staff are based on an allocation of total time spent on service to the School for identified positions based on their salary and benefits.

Therapy services: For therapy services provided to non-Medicaid eligible students, UCPM bills the School based on the Medicaid rate.

Transportation: UCPM provides transportation services, including coordination and supervision of all transportation services to the School. The charges for these services are based on an allocation methodology as approved in the annual budget.

The fees for these services from UCPM for the years ended June 30, 2010 and 2009 was \$806,830 and \$782,916, respectively.

UCPM's central office is located at 2700 West 81<sup>st</sup> Street, Hialeah, Florida and its main program facility is located at 1411 N.W. 14<sup>th</sup> Street, Miami, Florida.

UCPM's Board of Directors is as follows:

Norman Bonchick	Chairperson
Richard Rangel	Vice-Chairperson /Secretary
Craig Steinhart	Treasurer
Jack Schillinger	Chairperson Emeritus

The School leases its classroom facilities from UCPM. The lease for each location is through the period ending June 30, 2013, with options to renew for two five-year periods. Annual increase in rent shall not exceed 7.5%.

For the years ended June 30, 2010 and 2009, the rent expense for the School by location was as follows:

	<u>2010</u>	<u>2009</u>
Civic Center	\$ 54,610	\$ 50,950
North Shore	36,399	33,860
Hialeah	<u>32,250</u>	<u>30,000</u>
	<u>\$ 123,259</u>	<u>\$ 114,810</u>

EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 2010 AND 2009

**Note 6 RELATED PARTY TRANSACTIONS (Continued)**

The minimum future lease payments for the School by location are as follows:

	Civic Center	North Shore	Hialeah
2011	\$ 57,340	\$ 38,220	\$ 33,860
2012	57,340	38,220	33,860
2013	57,340	38,220	33,860
	\$ 172,020	\$ 114,660	\$ 101,580

**Note 7 ECONOMIC DEPENDENCE**

For the year ended June 30, 2010, revenues for program services from the School Board represented 100% of the School's total program revenues. The School's ability to continue operating and to provide program services is predicated on the School Board's continued support and funding of its programs. If a significant reduction were to occur, it would have an adverse effect on the School's ability to continue operating the programs and services being provided.

**Note 8 CONCENTRATION OF CREDIT RISK**

The School maintains cash balances at financial institutions that may exceed the \$250,000 FDIC insured limit. As of June 30, 2010, the cash balance at a financial institution was \$33,182 in excess of the FDIC insured limit.

**THOMAS J. SIMS, P.A.**  
**Certified Public Accountant & Management Consultant**

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

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

I have audited the special purpose financial statements of Early Beginnings Academy - Civic Center (the School) as of and for the year ended June 30, 2010, and have issued my report thereon dated August 25, 2010. I conducted my 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 my audit, I considered the School's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, I 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 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's special purpose financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

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



Miami, Florida  
August 25, 2010



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**Certified Public Accountant & Management Consultant**

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

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

I have audited the special purpose financial statements of the Early Beginnings Academy - Civic Center (the School) as of and for the fiscal year ended June 30, 2010, and have issued my report thereon dated August 25, 2010.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, which is dated August 25, 2010, and should be considered in conjunction with this management letter.

Additionally, my audit of the special purpose financial statements of the School 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 auditor's reports:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that I 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 or recommendations made in the preceding annual financial audit report and accordingly, no corrective actions were necessary.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that I 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 my audit, I 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 my audit, I did not have any such findings.

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

- 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 Early Beginnings Academy - Civic Center.
- 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 my audit, I determined that the Early Beginnings Academy - Civic Center 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, I applied financial condition assessment procedures. It is management's responsibility to monitor the Early Beginnings Academy - Civic Center's financial condition, and my 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 me to indicate that this letter is intended solely for the information and use of management, the Florida Auditor General and the School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida  
August 25, 2010

**AUDIT COMPLETION CHECKLIST  
FOR CHARTER SCHOOLS AND OTHER ORGANIZATIONS  
MIAMI-DADE COUNTY PUBLIC SCHOOLS**

The following information should be included in the yearly audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (Chapter 10.850). **Please share this checklist with your external auditor.**

- X   1. The name and address of the school.
- X   2. The name of the principal running the school.
- X   3. Current list of the Board of Directors of the school.
- X   4. If the school is operated by a management company:
  - X   a. Name of the company
  - X   b. Address
  - X   c. List of principal officials
  - X   d. Contractual arrangement with the company, such as length of contract, terms, total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements).
- X   5. The financial statements must include comparative totals for the prior year.
- n/a  6. The financial statements must comply with GASB 34 requirements, if applicable.
- X   7. In the footnotes of the financial statements, the following should be disclosed:
  - X   a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
  - X   b. Full disclosure of related party transactions, which should include the related party's name and address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid). If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
  - n/a  c. Full disclosure of any other debts in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s).
  - attached d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however, we recommend that it be part of the audit).
  - n/a  e. If there is a deficit cash position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the Management Letter.
  - n/a  f. Any disclosures of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g., significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- n/a  8. If the audit is not submitted within the contractually required deadline, the Management Letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.
- n/a  9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (date) it will be fully implemented. Note that quarterly reports may be required on a case-by-case basis depending on the severity or lack of resolution of the issues noted in the Management Letter.
- X   10. Please enter the following information about the Certified Public Accountant issuing the audit report:
  - CPA's Name Thomas J. Sims, CPA
  - CPA's Address 11077 Biscayne Blvd., Suite 301, Miami, Florida 33161
  - License No. AC0004095 Status Active
  - Expiration Date December 31, 2010

In reference to this checklist, please refer any questions to the Office of Management and Compliance Audits, attention Mr. Norberto Ferradaz, CPA (305) 995-1318.

**Please forward a copy of the completed checklist with your audit.**

**UNITED CEREBRAL PALSY of SOUTH FLORIDA CHARTER SCHOOLS, INC.**  
**EARLY BEGINNINGS ACADEMY CIVIC CENTER**  
**JUNE 30, 2010**  
**FIXED ASSET SCHEDULE**

G/L#	Description	Location	Purchase Date	Useful Life	Cost
<b>1340/1349</b>	<b>FURNITURE &amp; FIXTURES</b>				
<b>Purchased with Public Funds:</b>					
	Supine Stander w/Tray-Prim (item#SS-200)	civic	7/1/05	5	1,033.20
	Pronestander Sz 2 (item#92082122)	civic	7/1/05	5	1,126.30
	T/F Universal Grasshopper System (item#4775)	civic	7/1/05	5	1,214.25
	Small low back mobile chair (item#R631)	civic	7/1/05	5	1,144.80
	Small low back mobile chair (item#R631)	civic	7/1/05	5	1,144.80
	Lateral 4-drawer 22" file cabinet (item#000747421)	civic	7/1/05	5	3,324.99
	Canon Image Runner 4570 Copier (ikon)	civic	9/1/05	5	12,500.00
	Supine Stander w/Tray-Prim (item#E420)	civic	5/2/08	5	1,888.50
	Stationary Frame w/ support-(item#E1399)	civic	1/25/08	5	1,322.66
	Walker pony size 1 w/ support(item#242071994)	civic	6/10/08	5	2,765.70
	Anterior Gait trainer- Pony size (itme#E8002)	civic	4/18/08	5	2,466.00
	Ranger tricycle (item#R113)	civic	4/18/08	5	1,432.80
	Medium high back Mobile chair (item#R688)	civic	4/18/08	5	1,731.60
	Medium high back Mobile chair (item#R688)	civic	4/18/08	5	1,731.60
	Medium high back Mobile chair (item#R688)	civic	4/18/08	5	1,731.60
	Medium high back Mobile chair (item#R688)	civic	4/18/08	5	1,731.60
	Medium high back Mobile chair (item#R688)	civic	4/18/08	5	1,731.60
	Small high back mobile chair (item #R631)	civic	4/4/08	5	1,404.90
	Small high back mobile chair (item #R631)	civic	4/4/08	5	1,404.90
	2 Prone standers small/med w/ hip stabilizer (#E1399)	civic	5/22/09	5	4,365.60
Added 6/10	Supine Stander w/Tray-Prim (item#SS-200)	civic	5/24/10	5	1,855.50
Added 6/10	Pronestander Sz 2 (item#92082122)	civic	5/24/10	5	1,720.50
	Small high back mobile chair (item #R631)	Nshore	7/1/05	5	1,144.80
	Small high back mobile chair (item #R631)	Nshore	7/1/05	5	1,144.80
	Canon CPR IR4570 Copier (ikon item #BCN46A)	Nshore	8/10/05	5	12,500.00
	T/F Universal Grasshopper System (item#4775)	Nshore	7/15/05	5	1,214.25
	Krono time clock, includes licenses	Nshore	7/26/05	5	3,502.97
	1 Prone standers small w/ hip stabilizer (#E1399)	Hialeah	6/30/09	5	1,874.25
	4-Drawer lateral file putty (item#FPL-44)	TLA	7/1/05	5	1,990.00
	4-Drawer lateral file putty (item#FPL-44)	TLA	7/1/05	5	1,990.00
	4-Drawer lateral file putty (item#FPL-44)	TLA	7/1/05	5	1,990.00
	4-Drawer lateral file putty (item#FPL-44)	TLA	7/1/05	5	1,990.00
	TranStander supine board 71" (180) (item#E430), incl ac	TLA	7/1/05	5	3,343.05
	Large pacer walker (item#K503), incl accessories	TLA	7/1/05	5	2,334.10
	Large pacer walker (item#K503), incl accessories	TLA	7/1/05	5	2,334.10
	Large pacer walker (item#K503), incl accessories	TLA	7/1/05	5	2,334.10
	Configured dynamic stander (item#K18), incl accessories	TLA	7/1/05	5	3,332.00
	Ice machine cuber 325lb production, air cooled (item#745	TLA	7/6/05	8	1,637.09
	Hotel-style ice dispenser, 180lb capacity (item#74981-1), TLA	TLA	7/6/05	8	2,212.97
	Reach-in refrigerator, 2 sections, full SS doors, alum (iter TLA	TLA	7/6/05	8	2,275.64
	Uninsulated food holding cabinet with clear door (item#71 TLA	TLA	7/6/05	10	1,547.53
	Canon Copier IR4570 (item#BCN466) - Ikon	TLA	8/25/05	5	12,500.00
	Wall mtd fibre optic carpet (item#123542123), incl f. optic TLA	TLA	10/3/05	10	2,092.74
	Snoezelin sensory room (item#103416123)	TLA	10/5/05	10	6,174.78
	Medium white space room package (item#103420103), ir TLA	TLA	12/7/05	10	1,406.84
	Sensory corner package (item#103416123), incl freight	TLA	1/5/06	10	6,085.04
					<b>129,724.45</b>

**UNITED CEREBRAL PALSY of SOUTH FLORIDA CHARTER SCHOOLS, INC.  
EARLY BEGINNINGS ACADEMY CIVIC CENTER  
JUNE 30, 2010  
FIXED ASSET SCHEDULE**

<u>G/L#</u>	<u>Description</u>	<u>Location</u>	<u>Purchase Date</u>	<u>Useful Life</u>	<u>Cost</u>
<b>Purchased with Non-Public Funds:</b>					
	Medium high back Mobile chair (item#R632)	Nshore	10/4/07	5	1,408.50
	Medium high back Mobile chair (item#R632)	Nshore	10/4/07	5	1,408.50
	Medium high back Mobile chair (item#R632)	Nshore	10/4/07	5	1,408.50
	1. specialized adapt chair (Panda)-size 2	Nshore	11/25/08	5	4,579.00
Added 6/10	Multi-directional Scooter Board	Nshore	2/15/10	3	1,199.95
					<b>10,004.45</b>
<b>Total furniture &amp; fixtures</b>					<b>139,728.90</b>

<b>COMPUTER EQUIPMENT</b>
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<b>Purchased with Public Funds:</b>					
	TransPort T2300 15" (N) (item #TSP1016*1585300)	civic	7/5/05	3	1,749.00
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	civic	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	ClientPro 365(B) E System (item#CLT1041*1585299)	Nshore	7/5/05	3	1,316.77
	Micron comp - ClientPro 375(E) (item#CLT958)	Nshore	8/7/06	3	1,119.00
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	ClientPro 365(B) E System (item#CLT1041*1585299), in TL	TLA	7/1/05	3	1,139.65
	Dell Precision 390 minitower P4 (s/n FWTS4C1) w/19" fl	TLA	11/22/06	3	1,157.10
	Dell Precision 390 minitower P4 (s/n GWTS4C1) w/19" fl	TLA	11/22/06	3	1,157.10
	Dell Precision 390 minitower P4 (s/n HWTS4C1) w/19" fl	TLA	11/22/06	3	1,157.10
	Dell Precision 390 minitower P4 (s/n JWTS4C1) w/19" fl	TLA	11/22/06	3	1,157.10
	BenQ FP241W 24" Flat Panel Display s/n ETRB601943S	TLA	2/28/07	3	1,029.98
					<b>43,447.62</b>

**UNITED CEREBRAL PALSY of SOUTH FLORIDA CHARTER SCHOOLS, INC.**  
**EARLY BEGINNINGS ACADEMY CIVIC CENTER**  
**JUNE 30, 2010**  
**FIXED ASSET SCHEDULE**

G/L#	Description	Location	Purchase Date	Useful Life	Cost
<b>Purchased with Non-Public Funds:</b>					
	Micron comp - ClientPro 375(E) (item#CLT958)	civic	8/7/06	3	1,119.00
	Latitude D530T7250 2GHZ 2GB 80GB HD(item#223-3297A)		5/1/08	3	1,106.00
	Latitude D530T7250 2GHZ 2GB 80GB HD(item#223-3297A)		5/1/08	3	1,106.00
	Latitude D530T7250 2GHZ 2GB 80GB HD(item#223-3297)		5/1/08	3	1,012.00
					<u>4,343.00</u>
	<b>Total computer equipment</b>				<u>47,790.62</u>
<b>1340/1349</b>	<b>Total furnishings and equipment</b>				<u><u>187,519.52</u></u>
<b>1380/1388</b>	<b>AUDIO VISUAL MATERIALS</b>				
<b>Purchased with Public Funds:</b>					
	Optom DLP Projector 1024x768 (EZPro239)	TLA	7/12/05	5	1,598.88
<b>1380/1388</b>	<b>Total audio visual materials</b>				<u><u>1,598.88</u></u>
	<b>TOTAL FIXED ASSETS</b>				<u><u>189,118.40</u></u>
Fixed assets purchased WITH public funds:					
	Furniture & Fixtures				129,724.45
	Computer Equipment				43,447.62
	Audit Visual Materials				1,598.88
	<b>Total fixed assets purchased WITH public funds:</b>				<u><u>174,770.95</u></u>
Fixed assets purchased with NON-public funds:					
	Furniture & Fixtures				10,004.45
	Computer Equipment				4,343.00
	Audit Visual Materials				0.00
	<b>Total fixed assets purchased with NON-public funds:</b>				<u><u>14,347.45</u></u>
	<b>Total Fixed Assets</b>				<u><u>189,118.40</u></u>