



*The Gardner Group, P.A.*  
*Certified Public Accountant*

S/5032 ①  
K-8 Centers

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR ACADEMY CHARTER  
A CHARTER SCHOOL  
AND COMPONENT UNIT  
OF THE MIAMI-DADE COUNTY  
SCHOOL BOARD**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD**  
**JUNE 30, 2010**

**TABLE OF CONTENTS**

**PAGE(S)**

Independent Auditors' Report.....	1-2
Required Supplementary Information Management's discussion and analysis (Unaudited).....	3-8
<b>Basic Financial Statements</b>	
Statement of net assets.....	10
Statement of activities.....	11
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance sheet.....	13
Statement of revenues, expenditures and change in fund balance.....	14
Notes to basic financial.....	15-21
<b>Supplementary Information (Unaudited)</b>	
Budgetary comparison schedule.....	23
Notes to supplementary information.....	24
<b>Reports Required by Government Auditing Standards</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	25-26
Management Letter Required by Chapter 10.850 Rules of the Auditor General of the State of Florida.....	27-28

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Excelsior Academies, Inc.  
D/B/A Excelsior Charter Academy  
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and general fund of Excelsior Academies, Inc. D/B/A Excelsior Charter Academy (the "Charter School"), a component unit of the Miami-Dade County District School Board, Miami, Florida, as of and for the year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Charter School's management. Our responsibility is to express opinions on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2010, on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

**INDEPENDENT AUDITORS' REPORT - Continued**

The management's discussion and analysis on pages 3 through 8, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Carol Gardner*  
Miami, Florida  
August 27, 2010

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2010**

As management of the Excelsior Academies, Inc. D/B/A Excelsior Charter Academy (the "Charter School"), we offer readers of the Charter School's financial statements this narrative overview and analysis of the financial activities of the Charter School for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here through page 8 of this report.

**FINANCIAL HIGHLIGHTS**

Some highlights for the year ended June 30, 2010 were as follows:

**2010 -**

- \* The Charter School received approximately \$ 1,018,104 funds from the School Board of Miami Dade County in fiscal year ended June 30, 2010.
- \* The Charter School recognized approximately \$ 203,185 in grant funds and other operating revenue for the fiscal year ended June 30, 2010.
- \* The Charter School received \$ 350,500 in planning and implementation grants funds, only \$160,041 was recognized and the remaining balance of \$190,459 is recorded as unearned revenue.
- \* At June 30, 2010 current assets of the Charter School was \$307,999.
- \* At June 30, 2010, assets of the Charter School exceeded liabilities by approximately \$88,152.

**Overview of the financial statements**

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

**Government-wide financial statements**

The government-wide financial statements, which consist of the statement of net assets and the statement of activities, are designed to provide readers with a broad overview of the Charter School's finances, in a manner similar to a private sector business.

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2010**

The statement of net assets provides information on all the Charter 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 Charter School is improving or deteriorating. However, as a governmental entity, the Charter School's activities are not geared towards generating profit as are the activities of commercial entities. Other factors such as the safety at the Charter School and quality of education, must be considered in order to reasonably assess the Charter School's overall performance.

The statement of activities presents information showing how the Charter School's net assets changed during the most recent fiscal 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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

#### **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 Charter School, like other state and local governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Charter School has only one category of funds – governmental funds.

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

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

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2010**

**Notes to the Financial Statements**

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

**Supplementary Information**

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Charter School's adopted budget to actual results.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of financial position. In the case of the Charter School, assets exceeded liabilities by \$133,477 at the close of the fiscal year. The following table presents an analysis of the condensed government-wide statements of net assets:

	<u>Net Assets June 30, 2010</u>
Current assets	\$ 307,999
Noncurrent assets	
Capital assets, net of depreciation	<u>45,325</u>
Total assets	<u>353,324</u>
Current liabilities	<u>\$ 219,847</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 45,325
Unrestricted	<u>88,152</u>
Total Net Assets	<u>\$ 133,477</u>

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



**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2010**

**Government-wide Financial Analysis - Continued**

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2010, the Charter school had no restricted assets. The remaining unrestricted balance may be used in any of the Charter School's ongoing operations.

The following table presents information on the condensed government-wide statements of changes in net assets:

	2010
Revenues:	
General revenues	\$ 1,031,560
Program revenues:	
Charges for services	28,112
Operating grants and contributions	161,617
Total revenues	1,221,289
Expenses:	
Instruction	432,186
Pupil personnel services	5,255
Instructional media services	-
Instruction and Curriculum Development Service	6,200
Instructional staff training services	6,500
General administration	131,508
School administration	103,784
Facilities Acquisition and Construction	105,967
Fiscal services	29,651
Food services	55,648
Central Services	6,339
Pupil transportation services	33,660
Operation of plant	145,648
Maintenance of plant	10,870
Unallocated depreciation expense	14,596
Total expenses	1,087,812
Change in net assets	133,477
Net assets, beginning	-
Net assets, ending	\$ 133,477

The Charter School's total revenues in the first year of operations were \$1,221,289 while its total expenses were \$1,087,812 for a net increase of \$133,477.

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2010**

**Financial Analysis of the Governmental Funds**

As noted earlier, the Charter School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the Charter School's governmental funds is to provide information on near-term inflows, outflows and balances spendable resources. Such information is useful in assessing the Charter School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Charter School's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2010 the Charter School's governmental fund reported a surplus in the ending fund balance of \$ 88,152.

**Budgetary Highlights**

Prior to the start of the School's fiscal year, the Board of directors of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. Budget to actual comparisons for fiscal year 2010 are presented on Page 23.

Variances reported in the budget to actual comparison for fiscal year 2010 resulted primarily from the following:

**2010-**

- (1) In fiscal year, the enrollment was projected at 158 and the Charter School met the budget projection.
- (2) The operating grants and contributions were under budget because the funds had not been fully expended.
- (3) The cost of operation of plant as well as maintenance of plant was over budget because of unexpected repair cost.
- (4) In general, most expenses were lower than the amount budgeted.

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2010**

**School Enrollment**

During the fiscal year June 30, 2010, the grade levels at the Charter School were as follows:

<b>Grades</b>	<b>Number of Students</b>
<b>K</b>	26
<b>1</b>	22
<b>2</b>	24
<b>3</b>	27
<b>4</b>	19
<b>5</b>	14
<b>6</b>	24
<b>TOTAL NUMBER</b>	<b>156</b>

**Request for Information**

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Shirley Charles, Principal, at 3490 NW 191<sup>st</sup> Street, Miami Gardens, Florida 33056.

**Board of Directors**

Ms. Claudia Trilles, President  
Ms. Dulce More  
Ms. Yoselin Guerra  
Ms. Maydelin Beceiro

**School Administration**

Ms. Shirley Charles, Principal

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE MIAMI-DADE**

**COUNTY DISTRICT SCHOOL BOARD**

**BASIC FINANCIAL INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2010**

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 281,648
Deposit receivable	26,351
Furniture, fixtures and equipment	59,921
Less accumulated depreciation	(14,596)
Total Assets	\$ 353,324
<b>Liabilities</b>	
Accounts payable	\$ 4,240
Salaries and wages payable	21,398
Unearned Revenue	190,459
Notes Payable	3,750
Total liabilities	\$ 219,847
<b>Net Assets</b>	
Invested in capital assets	\$ 45,325
Unrestricted	88,152
Total Net Assets	\$ 133,477

See notes to the basic financial statements

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2010**

		<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Rev. (Exp.) and Change in Net Assets</u>
Governmental activities					
Instruction	\$ 432,186	\$ 3,289	\$ 45,457	\$ 59,921	\$ (323,519)
Pupil personnel services	5,255	-	-	-	(5,255)
Instructional media services	-	-	-	-	-
Instruction and Curriculum Development	6,200	-	6,200	-	-
Instructional Staff Training Services	6,500	-	6,500	-	-
General administration	131,508	-	10,807	-	(120,701)
School administration	103,784	-	8,468	-	(95,316)
Facilities Acquisition and Construction	105,967	-	150	-	(105,817)
Fiscal services	29,651	-	22,297	-	(7,354)
Food services	55,648	24,823	-	-	(30,825)
Central Services	6,339	-	1,817	-	(4,522)
Pupil transportation services	33,660	-	-	-	(33,660)
Operation of plant	145,648	-	-	-	(145,648)
Maintenance of plant	10,870	-	-	-	(10,870)
Unallocated depreciation expense	14,596	-	-	-	(14,596)
<b>Total governmental activities</b>	<b><u>\$ 1,087,812</u></b>	<b><u>\$28,112</u></b>	<b><u>\$ 101,696</u></b>	<b><u>\$ 59,921</u></b>	<b><u>\$ (898,083)</u></b>

General revenues:

School Board of Miami-Dade County	1,018,104
Miscellaneous	13,456
Total general revenues	<u>1,031,560</u>
Change in net assets	<u>133,477</u>
Net assets - beginning	-
Net assets - ending	<u>\$ 133,477</u>

See notes to the basic financial statements

**. EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE MIAMI-DADE**

**COUNTY DISTRICT SCHOOL BOARD**

**FUND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2010**

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**BALANCE SHEET – GOVERNMENTAL FUND**  
**JUNE 30, 2010**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash	\$64,856	\$216,792	\$ 281,648
Deposits Receivable	<u>26,351</u>	<u>-</u>	<u>26,351</u>
Total Assets	<u>\$ 91,207</u>	<u>\$ 216,792</u>	<u>\$ 307,999</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Salaries and wages payable	21,398	-	21,398
Accounts payable & accrued exp.	4,240	-	4,240
Unearned Revenue	-	190,459	190,459
Notes payable	<u>3,750</u>	<u>-</u>	<u>3,750</u>
Total liabilities	<u>\$ 29,388</u>	<u>\$ 190,459</u>	<u>\$ 219,847</u>
<b>Fund Balances:</b>			
Unreserved	<u>61,819</u>	<u>26,333</u>	<u>88,152</u>
Total fund balances	<u>61,819</u>	<u>26,333</u>	<u>88,152</u>
Total Liabilities and Fund Balances	<u>\$ 91,207</u>	<u>\$ 216,792</u>	<u>\$ 307,999</u>
Total fund balances- Governmental funds			\$ 88,152
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Cost of capital assets		\$ 59,921	
Accumulated depreciation		<u>(14,596)</u>	45,325
Total net assets - governmental activities			<u>\$ 133,477</u>

See notes to the basic financial statements



**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE – GOVERNMENTAL FUND**  
**JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Miami-Dade County Public Schools	\$1,018,104	\$ -	\$ 1,018,104
Other grants	-	160,041	160,041
Other revenue	<u>16,811</u>	<u>26,333</u>	<u>43,144</u>
Total revenues	<u>1,034,915</u>	<u>186,374</u>	<u>1,221,289</u>
<b>Expenditures</b>			
Instruction	388,305	43,881	432,186
Pupil personnel services	5,255	-	5,255
Instructional media services	-	-	-
Instruction and Curriculum Development Service	-	6,200	6,200
Instructional Staff Training Services	-	6,500	6,500
General administration	120,701	10,807	131,508
School administration	95,316	8,468	103,784
Facilities Acquisition and Construction	105,817	150	105,967
Fiscal services	7,354	22,297	29,651
Food services	53,831	-	53,831
Central Services	6,339	1,817	8,156
Pupil transportation services	33,660	-	33,660
Operation of plant	145,648	-	145,648
Maintenance of plant	10,870	-	10,870
Capital outlay:			
Furniture & equipment	-	59,921	59,921
Total current expenditure	<u>973,096</u>	<u>160,041</u>	<u>1,133,137</u>
Revenues over expenditures	61,819	26,333	88,152
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ 61,819</u>	<u>\$ 26,333</u>	<u>\$ 88,152</u>

Total net changes in fund balance - governmental funds \$ 88,152

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

Capital outlays are reported in governmental funds as expenditures however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Cost of capital assets purchased	\$ 59,921	
Provision for depreciation	(14,596)	45,325
Change in net assets of governmental activities		<u>\$ 133,477</u>

**See notes to the basic financial statements**

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Nature of Operations**

Excelsior Academies, Inc. D/B/A Excelsior Charter Academy (the "Charter School") is a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The Charter School operates under a Charter approved by its sponsor, the Miami-Dade County District School Board. The governing body of the Charter School is the not-for-profit corporation's Board of Directors which is composed of four (4) members.

The Charter School provides educational services to students in grades kindergarten through sixth. The core philosophy and purpose of the Charter School is to demonstrate that the Charter School's students can learn at high levels through an academically rigorous and innovative curriculum that incorporates the development of good character.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity:**

The Charter School operates under a charter of the sponsoring school district, Miami-Dade County District School Board (the "District"). The current charter is effective until June 30, 2012, and may be renewed in increments of 5 to 15 years by mutual agreement between the Charter School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the Charter School in writing at least 90 days prior to the Charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Excelsior Academies, Inc. D/B/A Excelsior Charter Academy is considered a component unit of the Miami-Dade County District School Board.

Criteria of determining if other entities are potential component units which should be reported within the Charter School's financial statements are identified and described in the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Charter School is financially accountable and other organizations for which the nature and significance of their relationship with the

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Charter School's are such that exclusion would cause the Charter School's financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Charter School.

**Basis of Presentation:**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audit for States and Local Governments and provisions of Florida Statutes, the Charter School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide Financial Statement:**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all activities of the Charter School. The effect of interfund activity, generally, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) operating grants and contributions that are used to meet the operational requirements of a particular function or program, and 2) capital grants and contributions that are restricted to meeting the capital requirements of a particular function or program.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Charter School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Fund Financial Statements:**

The Charter School accounts are organized on the basis of funds. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures.

**Measurement Focus, Basis of Accounting:**

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

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

The governmental fund financial statement are presented on the modified accrual basis of accounting under which revenues is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Charter School considers revenues to be available if they are collected within two months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred.

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

**Cash**

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

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Capital Assets**

Capital assets, which include land, buildings, building improvements, furniture and fixtures, equipment and library books are reported in the applicable governmental activities in the government-wide financial statements. Capital assets are defined by the Charter School as assets with an initial, individual cost of more than \$500 and a life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair value at the date of donation.

Capital assets, which include equipment acquired with state shared revenues, are reported in the government-wide financial statements.

Depreciation on equipment is provided on the straight-line basis over the respective estimated useful lives ranging from 3 to 5 years. Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

**Unearned/Deferred Revenues:**

Resources that do not meet revenues recognition requirements (not earned) are recorded as unearned revenues in the government-wide and the fund financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not available (not received within 90 days from fiscal year end), are recorded as deferred revenues in the governmental fund financial statements.

**Equity Classifications:**

*Government-wide financial statement*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. There are no restricted net assets.

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

*Fund financial statements*

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

**Encumbrances**

Encumbrances represent commitments relating to unperformed contracts for goods or services. At June 30, 2010, there were no encumbrances outstanding.

**State Funding (primary source of revenue):**

Student funding is provided by the State of Florida through the School Board of Miami-Dade County, Florida. Such funding is recorded as FTE nonspecific revenue. In accordance with the Charter Agreement, the School Board retains 5% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent (“FTE”) reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year’s errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

**Use of Estimates**

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

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 - CASH AND CERTIFICATE OF DEPOSIT**

As of June 30, 2010, the carrying amount of the Charter School's cash deposit was \$ 281,648 and the respective bank balance totaled \$ 287,380.

The Charter School is operated under a Charter sponsored by the Miami-Dade County School District as described in Note 1. Accordingly, its bank deposits are governed by Chapter 280 of the Florida Statutes. All time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral having a market value equal to an amount from 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held.

The percentage of eligible collateral (generally, U.S. Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its financial condition. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Therefore, all cash deposits in an approved Florida banking institution are both collateralized and insured and not subject to a concentration of credit risk or a custodial credit risk as defined in Government Accounting Standards Board ("GASB") Statement No. 40. The Charter School has no monetary assets other than cash in an approved depository.

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 – CAPITAL ASSETS**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Furniture, Fixtures, and Equipment	-	\$ 59,921	-	\$ 59,921
	-	59,921	-	59,921
Less: Accumulated Depreciation	-	14,596	-	14,596
Total	-	\$ 45,325	-	\$ 45,325

The provision for depreciation for the year ended June 30, 2010 amounted to \$ 14,596. The Charter School allocated depreciation to instruction services.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

The Charter School's facility is owned by the Archdiocese of Miami, Inc. The Charter School is leasing its premises from the Archdiocese of Miami, Inc., which has a term of five years and expires on June 30, 2014. The lease would automatically renew after the five year term as long as the Charter School operates pursuant to the Charter issued by the School Board of Miami-Dade County. Total fees paid to the Archdiocese of Miami, Inc for the fiscal year 2009/10 were approximately \$ 105,967. Future minimum lease payments are approximately \$ 422,400 for the next four years.

**NOTE 6 – RISK MANAGEMENT**

The Charter School is exposed to various risks of loss related to torts, thefts of damage to and destruction of assets, errors and omissions and natural disasters for which the Church carries commercial insurance.



**SUPPLEMENTARY INFORMATION**

**EXCELSIOR ACADEMIES, INC.**  
**D/B/A EXCELSIOR CHARTER ACADEMY**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variances Positive (Negative)
Revenues:				
State sources	\$ 963,158	\$ 1,018,104	\$ 1,018,104	\$ -
Operating grants and contributions	350,500	350,500	186,081	(164,419)
Local Sources	7,000	10,500	17,104	6,604
Total revenues	<u>1,320,658</u>	<u>1,379,104</u>	<u>1,221,289</u>	<u>(157,815)</u>
Instruction	527,324	611,896	492,107	119,789
Pupil Personnel Services	15,600	15,600	5,255	10,345
Instructional Media Services	10,000	10,000	-	10,000
Instruction and Curriculum Development Services	104,123	27,000	6,200	20,800
Instructional Staff Training Services	22,000	30,873	6,500	24,373
Board	9,000	-	-	-
General Administration	55,964	132,207	131,508	699
School Administration	108,017	113,400	103,784	9,616
Facilities Acquisition and Construction	118,400	118,400	105,967	12,433
Fiscal Services	106,591	30,797	29,651	1,146
Food Services	10,000	60,000	53,831	6,169
Central Services	19,600	16,950	8,156	8,794
Pupil Transportation Services	40,500	40,500	33,660	6,840
Operation of Plant	119,500	125,959	145,648	(19,689)
Maintenance of Plant	6,606	6,606	10,870	(4,264)
Total expenditures	1,273,225	1,340,188	1,133,137	207,051
Excess of revenues over expenditures	<u>\$ 47,433</u>	<u>\$ 38,916</u>	<u>\$ 88,152</u>	<u>\$ 49,236</u>

**EXCELSIOR ACADEMIES, INC.  
D/B/A EXCELSIOR CHARTER ACADEMY  
NOTES TO SUPPLEMENTARY INFORMATION**

**NOTE A.**

The Charter School formally adopted a budget for the year ended June 30, 2010. Budgeted amounts may be amended by resolution or ordinance by the Board. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the General Fund is presented as supplementary information.

**NOTE B.**

The budget is adopted using the same basis of accounting on which the financial statements are prepared except for a 5% administrative charge that is retained by the School Board of Miami-Dade County.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
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  
Excelsior Academies, Inc.  
D/B/A Excelsior Charter Academy  
Miami, Florida

We have audited the basic financial statements of the governmental activities and each major fund of Excelsior Academies, Inc. D/B/A Excelsior Charter Academy (the "Charter School"), a component unit of the Miami-Dade County District School Board, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 27, 2010. We conducted our audit in accordance with generally accepted auditing standards 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 Charter School's internal control over financial reporting as a basis for designing our auditing procedures of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

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

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

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

#### Compliance and Other Matters

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

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

  
Miami, Florida  
August 27, 2010

**MANAGEMENT LETTER  
REQUIRED BY CHAPTER 10.850 RULES OF THE AUDITOR GENERAL OF  
THE STATE OF FLORIDA**

To the Board of Directors  
Excelsior Academies, Inc.  
D/B/A Excelsior Charter Academy  
Miami, Florida

We have audited the financial statements of Excelsior Academies, Inc. D/B/A Excelsior Charter Academy (the "Charter School") as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated August 27, 2010.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 27, 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 and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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. We did not have any such findings.
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 provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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 have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
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 Excelsior Academies, Inc. D/B/A Excelsior Charter Academy.
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 Excelsior Academies, Inc. D/B/A Excelsior Charter Academy 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 Excelsior Academies, Inc. D/B/A Excelsior Charter Academy financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

  
Gardner & Associates, PA  
Miami, Florida

August 27, 2010

