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**EXCELSIOR ACADEMIES, INC.**  
HIALEAH, FLORIDA

**BASIC FINANCIAL STATEMENTS,  
INDEPENDENT AUDITORS' REPORT AND  
SUPPLEMENTAL INFORMATION**

JUNE 30, 2010

TABLE OF CONTENTS

General Information . . . . .	1
Independent Auditors' Report. . . . .	2-3
Management's Discussion and Analysis (Required Supplementary Information) . . . . .	4-8
<b>Basic Financial Statements:</b>	
<i>Government-wide Financial Statement:</i>	
Statement of Net Assets . . . . .	9
Statement of Activities. . . . .	10
<i>Fund Financial Statements:</i>	
Balance Sheet- Governmental Funds . . . . .	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets. . . . .	12
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds . . . . .	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities. . . . .	14
Statement of Fiduciary Assets and Liabilities – Agency Fund	15
Notes to the Basic Financial Statements . . . . .	16-22
<b>Required Supplemental Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual- General Fund. . . . .	23
Notes to the Required Supplemental Information. . . . .	24
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	25-26
Management Letter . . . . .	27-28

**EXCELSIOR ACADEMIES, INC.**  
(A Charter School Under Excelsior Academies, Inc.)

600 West 20<sup>th</sup> Street  
Hialeah, FL 33010  
(305)888-8359

2009-2010

**BOARD OF DIRECTORS**

Ms. Claudia Trilles, Chair  
Ms. Dulce More  
Ms. Lilianne Morales  
Ms. Maydelin Beceiro  
Ms. Sylvia DeArmas

**SCHOOL ADMINISTRATION**

Ms. Ivelisse Puente, Principal

**ORGANIZATION'S MANAGEMENT**

Academica Dade, LLC  
6361 Sunset Drive  
Miami, Florida 33143

Officers:  
Fernando Zulueta, President  
Magdalena Fresen, Vice President, Treasurer  
Ignacio Zulueta, Vice President  
Collette Papa, Secretary

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Excelsior Academies, Inc.  
Hialeah, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Excelsior Academies, Inc., (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2009 financial statements and in our report dated September 24, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities and the general fund.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Excelsior Academies, Inc., 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 September 1, 2010, on our consideration of the School's internal control over financial reporting and on 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 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 our audit.

**V&DCPA**

A LIMITED LIABILITY PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS

The Management's Discussion and Analysis (MD&A) on pages 4 through 8 and the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual on page 23 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.

*Verdeja & De Armas, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 1, 2010

**Management's Discussion and Analysis**  
Excelsior Academies, Inc.  
June 30, 2010

The corporate officers of Excelsior Academies, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2010.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2010 by \$393,072 (net assets).
2. At year-end, the School had current assets on hand of \$277,022.
3. The net assets of the School increased by \$365,334 during the year.

*Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2010 are presented under GASB 34. The financial statements have 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* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9-10 of this report.

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term inflows* and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual budget for its general fund basis. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11-15 of this report.

*Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 16-22 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$393,072 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2010 and 2009 follows:

<b>Assets</b>	<u>2010</u>	<u>2009</u>
Cash	\$ 264,513	\$ 95,061
Due from governmental agencies & accounts receivable	11,875	20,796
Prepaid expenses and other assets	634	59,750
Deposits receivable	77,590	75,912
Capital assets, net	<u>258,678</u>	<u>-</u>
Total Assets	<u>\$ 613,290</u>	<u>\$ 251,519</u>
<b>Liabilities and Net Assets</b>		
Accounts and wages payable and accrued liabilities	\$ 163,873	\$ 111,608
Deposits payable and due to internal funds	56,345	-
Due to fiscal agent	<u>-</u>	<u>112,173</u>
Total Liabilities	<u>\$ 220,218</u>	<u>\$ 223,781</u>
Invested in capital assets, net of related debt	258,678	-
Unrestricted	<u>134,394</u>	<u>27,738</u>
Total Net Assets	<u>\$ 393,072</u>	<u>\$ 27,738</u>
Total Liabilities and Net Assets	<u>\$ 613,290</u>	<u>\$ 251,519</u>

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2010 and 2009 follows:

<b>REVENUES</b>	<u>2010</u>	<u>2009</u>
Program Revenues		
Operating grants & contributions	\$ 335,282	\$ 98,570
Capital grants & contributions	29,061	35,655
Charges for services	319,217	86,164
General Revenues		
Grants & contributions	3,843,230	2,702,130
Fundraising & other revenue	5,199	56,906
Total Revenues	<u>\$ 4,531,989</u>	<u>\$ 2,979,425</u>
 <b>EXPENSES</b>		
Instructional services	\$ 1,819,508	\$ 1,234,481
Pupil personnel services	-	9,171
Instructional staff training services	3,130	595
Board	21,230	6,103
School administration	572,408	246,523
Facilities acquisition & construction	749	-
Fiscal services	88,656	134,962
Food services	323,910	212,149
Central services	93,972	62,559
Pupil transportation services	-	69,940
Operation of plant	1,205,712	934,308
Maintenance of plant	15,777	27,428
Community services	21,603	13,468
Total Expenses	<u>\$ 4,166,655</u>	<u>\$ 2,951,687</u>
Change in Net Assets	365,334	27,738
 <b>Net Assets at Beginning of Year</b>	<u>27,738</u>	-
<b>Net Assets at End of Year</b>	<u>\$ 393,072</u>	<u>\$ 27,738</u>

The School's total revenues in its second year of operations (2010) were \$4,531,989 while its total expenses were \$4,166,655 for a net increase of \$365,334.

### **Accomplishments**

In 2010, Excelsior Academies, Inc. completed its 2<sup>nd</sup> year of operations. Although the School maintained a letter grade of "C," it did show improvement on the FCAT results from the previous year, as the overall points earned increased from 478 to 487.

This past year, students participated in various special school projects, such as the creation of its library/media center, as well as other community service activities and fundraisers including the Scholastic Book Fair and the United Way Fundraiser, where the School surpassed its fundraising goal by 193%.

Throughout the year, students also participated in and received notable recognition for their extracurricular activities: Volleyball Intramurals (2nd place), 5th Grade Science Fair winners, Science Club for Middle School, and National Junior Honor Society Induction.



**School Location**

The School operates in the Miami area from its facility located at 600 West 20<sup>th</sup> Street, Hialeah, FL 33010.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balances of \$134,394, an increase of \$106,656 in comparison with the prior year.

**Capital Assets**

The School's investment in capital assets, as of June 30, 2010, amounts to \$258,678 (net of accumulated depreciation). This investment in capital assets includes mainly furniture and equipment.

**General Fund Budget Analysis and Highlights**

Prior to the start of the School's fiscal year, the Board 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.

	General Fund Budget	Actual by Governmental Funds		
	Original/Final Budget	Total All Funds	General Fund	Capital Fund
<b>REVENUES</b>				
State government grants	\$ 3,830,000	\$ 3,843,230	\$ 3,843,230	\$ -
Capital outlay funding and other grants	28,000	29,061	29,061	-
Charges for services and other grants	650,000	654,499	654,499	-
Other income	-	5,199	5,199	-
<b>TOTAL REVENUE</b>	<b>\$ 4,508,000</b>	<b>\$ 4,531,989</b>	<b>\$ 4,531,989</b>	<b>\$ -</b>
<b>EXPENDITURES</b>				
Instructional services	\$ 2,040,000	\$ 2,037,439	\$ 2,037,439	\$ -
Instructional staff training services	3,500	3,130	3,130	-
Board	24,000	21,230	21,230	-
School administration	570,000	572,408	572,408	-
Facilities acquisition & construction	10,000	7,494	7,494	-
Fiscal services	90,000	88,656	88,656	-
Food services	325,000	323,910	323,910	-
Central services	100,000	93,972	93,972	-
Operation of plant	1,220,000	1,239,714	1,239,714	-
Maintenance of plant	20,000	15,777	15,777	-
Community services	25,000	21,603	21,603	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,427,500</b>	<b>\$ 4,425,333</b>	<b>\$ 4,425,333</b>	<b>\$ -</b>
Net change in fund balance	\$ 80,500	\$ 106,656	\$ 106,656	\$ -

### Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Ivelisse Puente, Principal located at 600 West 20<sup>th</sup> Street, Miami, FL 33010.

**EXCELSIOR ACADEMIES, INC.**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	Governmental Activities	
	2010	2009 (Summarized Comparative Information)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 264,513	\$ 95,061
Accounts receivable	9,260	-
Due from governmental agencies	2,615	20,796
Prepaid expenses	634	59,750
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 277,022</b>	<b>\$ 175,607</b>
<b>CAPITAL ASSETS</b>		
Improvements other than buildings	\$ 7,494	\$ -
Less accumulated depreciation	(749)	-
Furniture and equipment	288,360	-
Less accumulated depreciation	(36,427)	-
<b>Total capital assets, net</b>	<b>258,678</b>	<b>-</b>
Deposit receivable and other assets	77,590	75,912
<b>TOTAL ASSETS</b>	<b>\$ 613,290</b>	<b>\$ 251,519</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 865	\$ 20,566
Wages payable	163,008	91,042
Due to fiscal agent	-	112,173
Deposits payable	56,345	-
<b>TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES</b>	<b>\$ 220,218</b>	<b>\$ 223,781</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 258,678	\$ -
Unrestricted	134,394	27,738
<b>TOTAL NET ASSETS</b>	<b>\$ 393,072</b>	<b>\$ 27,738</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 613,290</b>	<b>\$ 251,519</b>

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

**EXCELSIOR ACADEMIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Functions	2010				2009	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities:</b>						
Instructional services	\$ 1,819,508	\$ 52,619	\$ 335,282	\$ -	\$ (1,431,607)	\$ (1,161,801)
Pupil personnel services	-	-	-	-	-	(9,171)
Instructional staff training services	3,130	-	-	-	(3,130)	(595)
Board	21,230	-	-	-	(21,230)	(6,103)
School administration	572,408	-	-	-	(572,408)	(246,523)
Facilities acquisition & construction	749	-	-	-	(749)	-
Fiscal services	88,656	-	-	-	(88,656)	(134,962)
Food services	323,910	240,600	-	-	(83,310)	(104,154)
Central services	93,972	-	-	-	(93,972)	(62,559)
Pupil transportation services	-	-	-	-	-	(69,940)
Operation of plant	1,205,712	-	-	29,061	(1,176,651)	(934,308)
Maintenance of plant	15,777	-	-	-	(15,777)	(27,428)
Community services	21,603	25,998	-	-	4,395	26,246
<b>Total Governmental Activities</b>	<b>\$ 4,166,655</b>	<b>\$ 319,217</b>	<b>\$ 335,282</b>	<b>\$ 29,061</b>	<b>\$ (3,483,095)</b>	<b>\$ (2,731,298)</b>

**GENERAL REVENUES:**

Government grants not restricted to specific programs	\$ 3,843,230	\$ 2,702,130
Fundraising and other revenue	5,199	56,906
<b>Total general revenues</b>	<b>3,848,429</b>	<b>2,759,036</b>
Change in Net Assets	365,334	27,738
<b>NET ASSETS - BEGINNING</b>	<b>27,738</b>	<b>-</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 393,072</b>	<b>\$ 27,738</b>

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

**EXCELSIOR ACADEMIES, INC.**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	2010		2009
	General Fund	Capital Projects Fund	Total Governmental Funds
			(Summarized Comparative Information)
<b>ASSETS</b>			
Cash and cash equivalents	\$ 264,513	\$ -	\$ 264,513
Accounts receivable	9,260	-	9,260
Due from governmental agencies	2,615	-	2,615
Prepaid expenses	634	-	634
Deposit receivable and other assets	77,590	-	77,590
<b>TOTAL ASSETS</b>	<b>\$ 354,612</b>	<b>\$ -</b>	<b>\$ 354,612</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 865	\$ -	\$ 865
Wages payable	163,008	-	163,008
Due to fiscal agent	-	-	-
Deposits payable	56,345	-	56,345
<b>TOTAL LIABILITIES</b>	<b>\$ 220,218</b>	<b>\$ -</b>	<b>\$ 220,218</b>
<b>FUND BALANCE</b>			
Unreserved	134,394	-	134,394
<b>TOTAL FUND BALANCE</b>	<b>\$ 134,394</b>	<b>\$ -</b>	<b>\$ 134,394</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 354,612</b>	<b>\$ -</b>	<b>\$ 354,612</b>

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

EXCELSIOR ACADEMIES, INC.

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

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Total Fund Balance - Governmental Funds \$ 134,394

Amounts reported for governmental activities in the statement of net assets are the same. There are no reconciling items.

Capital assets of \$295,854, net of accumulated depreciation of \$37,176 used in governmental activities are not financial resources and therefore are not reported in the fund. 258,678

Total Net Assets - Governmental Activities \$ 393,072

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

**EXCELSIOR ACADEMIES, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	2010		2009
	General Fund	Capital Projects Fund	Total Governmental Funds (Summarized Comparative Information)
<b>REVENUES</b>			
State government grants	\$ 4,207,573	\$ -	\$ 4,207,573
Charges for services and other grants	319,217	-	319,217
Other income	5,199	-	5,199
<b>TOTAL REVENUES</b>	<b>\$ 4,531,989</b>	<b>\$ -</b>	<b>\$ 4,531,989</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instructional services	\$ 1,786,859	\$ -	\$ 1,786,859
Pupil personnel services	-	-	-
Instructional staff training services	3,130	-	3,130
Board	21,230	-	21,230
School administration	572,408	-	572,408
Facilities acquisition & construction	-	-	-
Fiscal services	88,656	-	88,656
Food services	323,910	-	323,910
Central services	93,972	-	93,972
Pupil transportation services	-	-	-
Operation of plant	1,201,934	-	1,201,934
Maintenance of plant	15,777	-	15,777
Community services	21,603	-	21,603
<b>Capital Outlay:</b>			
Facilities acquisition and construction	7,494	-	7,494
Instructional services	250,580	-	250,580
Operation of plant	37,780	-	37,780
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,425,333</b>	<b>\$ -</b>	<b>\$ 4,425,333</b>
Excess (Deficiency) of revenues over expenditures	\$ 106,656	\$ -	\$ 106,656
Net change in fund balance	106,656	-	106,656
Fund balance at beginning of year	27,738	-	27,738
Fund balance at end of year	\$ 134,394	\$ -	\$ 134,394

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

**EXCELSIOR ACADEMIES, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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Change in Fund Balance - Governmental Funds \$ 106,656

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$295,854 exceeded depreciation of \$37,176. 258,678

Change in Net Assets of Governmental Activities \$ 365,334

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



**EXCELSIOR ACADEMIES, INC.**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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	<u>Agency Fund</u> <u>Student Activity</u>
<b>ASSETS</b>	
Cash	\$ 15,410
<b>TOTAL ASSETS</b>	<u>\$ 15,410</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 15,410
<b>TOTAL LIABILITIES</b>	<u>\$ 15,410</u>

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

NOTE 1 – ORGANIZATION AND OPERATIONS

**Reporting Entity**

Excelsior Academies, Inc., (the “School”) is a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of five members.

The general operating authority of Excelsior Academies, Inc. (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2013. 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 School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter contract may be renewed for a five year term by mutual consent of both parties.

These financial statements are for the year ended June 30, 2010, when 593 students were enrolled in grades kindergarten through eighth.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – used to account for the full-time equivalent (FTE) revenue received from the School Board and the expenditures incurred under the School contract with the School Board. In addition, it is used to account for unrestricted contributions, interest income and other income.

Capital Projects Fund – used to account for Capital Outlay funds and School Infrastructure Thrift (SIT) funds. These funds have been segregated to account for renovation to the existing facility or the acquisition of new facilities.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)  
Additionally, the School reports the following fiduciary fund type:

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of Excelsior Academies, Inc., (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues. They include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash and Cash Equivalents

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

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month of sick/personal leave up of to ten days of active work during the ten month period. Employees and administrators cannot carry-forward unused days at year-end.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditure and 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.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the "School Board") pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Sources (Continued)

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Use of Estimates

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

**NOTE 3 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2010:

	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Capital Assets				
Furniture & equipment	\$ -	\$ 295,854	\$ -	\$ 295,854
Total Capital Assets	\$ -	\$ 295,854	\$ -	\$ 295,854
Less Accumulated Depreciation				
Furniture & equipment	\$ -	\$ (37,176)	\$ -	\$ (37,176)
Total Accumulated Depreciation	-	(37,176)	-	(37,176)
Capital Assets, net	\$ -	\$ 258,678	\$ -	\$ 258,678

Depreciation expense for the year ended June 30, 2010 was charged to functions of the School as follows:

Instructional services	\$ 16,455
Facilities acquisition and construction	749
Operation of plant	19,972
Total	<u>\$ 37,176</u>

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 4 – INCOME TAXES**

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c) (3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

During the year, the School terminated its agreement with the Leona Group Florida, LLC (“TLGF”), its previous management company and entered into a new agreement with Academica Dade, LLC to provide management and administrative services to the School. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of the School. The agreement began on January 1, 2010 and it is a three-year contract with a School option to renew. The contract calls for a management fee of \$450 per FTE. During the year-ended June 30, 2010, the School incurred management fees to all management companies of \$262,107. No amounts were due to the current management company at June 30, 2010.

The School entered into an operating lease agreement in August 2008 for the use of facilities. The term of this lease commenced on August 1, 2008 and shall expire on July 31, 2024. The School has the right to extend the term for two additional periods of ten years each. For the year ended June 30, 2010, the total rent expense was approximately \$735,000. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2011	\$ 938,337
2012	973,527
2013	992,995
2014	1,012,858
2015	1,033,117
2016-2020	5,492,869
2021-2025	4,803,149
Total	<u>\$ 15,246,852</u>

In June 2010, the School entered into a non-exclusive space usage agreement with Excelsior Academy High School for the use of the facilities for term of August 1, 2010 through June 30, 2015, at which time it may be renewed on an annual basis. The School will be paid a flat monthly fee based on the number of students.

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)**

Finally, the School entered into an agreement in October 2008 to lease equipment through the previous management company TLGF. (See Note 5) The term of the lease is for 60 months and requires monthly payments of \$9,806. Total expenses for the year under this lease were \$107,869. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2011	\$ 117,672
2012	117,672
2013	117,672
2014	29,418
Total	<u>\$ 382,434</u>

The Board of Directors of the School terminated the contract with their previous management company TLGF during the year and the management services were discontinued on September 30, 2009. On October 1, 2009, the new management company, Academica Dade, LLC began its services. At September 30, 2009, the School had \$115,149 in its main operating account which was being managed by TLGF. These funds were property of the School and were not returned to the School upon termination of the TLGF management contract. This amount has been included as an account receivable along with a utility deposit of \$11,782 that was returned to TLGF instead of the School. Finally, the School has not made any payments for certain leased equipment it received from TLGF. These payments are to be made monthly to TLGF. The total amount of these payments for the year ended June 30, 2010 was \$117,676. This amount has been netted with the amount due from TLGF and the net amount of \$9,260 has been included in accounts receivable at June 30, 2010.

	<u>June 30, 2010</u>
Cash balance at September 30, 2009:	\$ 115,150
Utility deposit not refunded to School:	11,782
Less: Leased equipment	<u>(117,672)</u>
Account receivable	<u>\$ 9,260</u>

**NOTE 6– RELATED PARTIES**

The Board believes that it is independent of the current management company and is not influenced by the management company in its decision-making if the Board feels it is not in the best interest of the School. In keeping with the requirements for providing full disclosure, item one is discussed below.

1. Management Service Contract

The management company provides oversight and management services based on a contractual agreement with the School. In its capacity as the management company, Academica Dade, LLC manages the finances and operations and makes recommendations to the School's independent board of directors which makes the final determinations regarding policies and contracts. (See Note 5) This management contract runs from January 1, 2010 to January 1, 2013.

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 7 – DEPOSITS POLICY AND CREDIT RISK**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2010, the carrying amount of the School's cash deposit account was \$264,513 (operating) and \$15,410 (agency) and the respective bank balances totaled \$391,294 (operating) and \$15,410 (agency). The amount of deposits at year end, were in compliance with the Federal Depository Insurance Corporation (FDIC) limit. At times during the year the bank balances may exceed the FDIC limit.

**NOTE 8 – GRANTS**

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.



REQUIRED SUPPLEMENTAL INFORMATION

**EXCELSIOR ACADEMIES, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL-**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund Budget		Actual by Governmental Funds		
	Original/Final Budget	Total All Funds	General Fund	General Fund	Capital Fund
<b>REVENUES</b>					
State government grants	\$ 3,830,000	\$ 3,843,230	\$ 3,843,230	\$ -	\$ -
Capital outlay funding and other grants	28,000	29,061	29,061	-	-
Charges for services and other grants	650,000	654,499	654,499	-	-
Other income	-	5,199	5,199	-	-
<b>TOTAL REVENUE</b>	<b>\$ 4,508,000</b>	<b>\$ 4,531,989</b>	<b>\$ 4,531,989</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENDITURES</b>					
Instructional services	\$ 2,040,000	\$ 2,037,439	\$ 2,037,439	\$ -	\$ -
Instructional staff training services	3,500	3,130	3,130	-	-
Board	24,000	21,230	21,230	-	-
School administration	570,000	572,408	572,408	-	-
Facilities acquisition & construction	10,000	7,494	7,494	-	-
Fiscal services	90,000	88,656	88,656	-	-
Food services	325,000	323,910	323,910	-	-
Central services	100,000	93,972	93,972	-	-
Operation of plant	1,220,000	1,239,714	1,239,714	-	-
Maintenance of plant	20,000	15,777	15,777	-	-
Community services	25,000	21,603	21,603	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,427,500</b>	<b>\$ 4,425,333</b>	<b>\$ 4,425,333</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net change in fund balance</b>	<b>\$ 80,500</b>	<b>\$ 106,656</b>	<b>\$ 106,656</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying note to the required supplemental information.

**EXCELSIOR ACADEMIES, INC.**  
**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2010**

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**NOTE A – BUDGETARY INFORMATION**

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2010 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Compliance and Other Matters

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

This report is intended solely for the information and use of Excelsior Academies, Charter School Inc.'s management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, federal and state awarding agencies, the State of Florida Office of the Auditor General and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Verdeja & De Armas, CPA*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 1, 2010

## MANAGEMENT LETTER

Board of Directors of  
Excelsior Academies, Inc.  
Hialeah, Florida

We have audited the financial statements of the governmental activities and each major fund of Excelsior Academies, Inc. (the "School"), a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 1, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated September 1, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings made in the preceding annual financial audit report.
- Section 10.854(1)(e) 3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statement, considering both quantitative and qualitative factors: (1) violations 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.
- 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.
- 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 Excelsior Academies, Inc., Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Excelsior Academies, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

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 Excelsior Academies, Inc.'s management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, and the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Verdeja & De Armas, CPA*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 1, 2010