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**FLORIDA INTERNATIONAL  
ACADEMY, INC.**

(A component unit of the Miami-Dade County Public School District)

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2010

FLORIDA INTERNATIONAL ACADEMY, INC.  
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
June 30, 2010

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# **BASIC FINANCIAL STATEMENTS**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Florida International Academy, Inc.  
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of Florida International Academy, Inc. (the "School") (a not-for-profit corporation and a component unit of the Miami-Dade County Public School District), 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 financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Florida International Academy, 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 August 27, 2010, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Florida International Academy, Inc.

The management's discussion and analysis on pages 3 through 6, is 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the School's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Fort Lauderdale, Florida  
August 27, 2010

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2010

Our discussion and analysis of Florida International Academy, Inc.'s (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2010 and 2009. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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 following two 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 the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 7 and 8 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has 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 balances of spendable resources available at the end of the year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide 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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2010

The governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to Basic Financial Statements

The notes 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 basic financial statements can be found on pages 13 through 17 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on page 18 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net assets as of June 30, 2010 and 2009:

Florida International Academy Net Assets			
	<u>2010</u>	<u>2009</u>	<u>Variances</u>
CURRENT ASSETS	\$ 336,517	\$ 291,663	\$ 44,854
NONCURRENT ASSETS	<u>80,982</u>	<u>89,513</u>	<u>(8,531)</u>
Total assets	<u>417,499</u>	<u>381,176</u>	<u>36,323</u>
CURRENT LIABILITIES	<u>132,937</u>	<u>144,613</u>	<u>(11,676)</u>
NET ASSETS:			
Invested in property and equipment	54,452	62,983	(8,531)
Unrestricted	<u>230,110</u>	<u>173,580</u>	<u>56,530</u>
Total net assets	<u>\$ 284,562</u>	<u>\$ 236,563</u>	<u>\$ 47,999</u>

A portion of the School's net assets reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance, unrestricted, may be used to meet the School's ongoing obligations.



**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2010

The following table reflects the School's change in net assets for the years ended June 30, 2010 and 2009.

Florida International Academy Change in Net Assets			
	2010	2009	Variances
<b>REVENUES:</b>			
General revenues	\$ 1,850,726	\$ 1,777,170	\$ 73,556
Program revenues:			
Operating grants and contributions	620,030	700,882	(80,852)
Capital outlay funds	167,027	173,605	(6,578)
	<u>2,637,783</u>	<u>2,651,657</u>	<u>(13,874)</u>
<b>EXPENSES:</b>			
Instruction	973,729	1,191,801	(218,072)
Administration	368,990	334,542	34,448
Operation of plant	152,033	161,240	(9,207)
Facilities acquisition	288,000	392,542	(104,542)
Community services	252,489	173,238	79,251
Pupil transportation services	163,569	163,576	(7)
Food services	215,623	182,745	32,878
Fiscal services	103,701	108,208	(4,507)
Maintenance of plant	22,938	27,336	(4,398)
Board	48,712	46,428	2,284
	<u>2,589,784</u>	<u>2,781,656</u>	<u>(191,872)</u>
Change in net assets	47,999	(129,999)	177,998
NET ASSETS, July 1, 2009	<u>236,563</u>	<u>366,562</u>	<u>(129,999)</u>
NET ASSETS, June 30, 2010	<u>\$ 284,562</u>	<u>\$ 236,563</u>	<u>\$ 47,999</u>

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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 the School's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the School. At the end of year 2010, unreserved fund balance of the General Fund was \$ 202,678, an increase of \$ 81,155 from the prior year. The overall General Fund balance increased by \$ 56,530.

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2010

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the final amended budget and actual amounts can be briefly summarized as follows:

1. School netted 5% administration against FTE revenues
2. Carryover of 21<sup>st</sup> Century grant funds

Differences between the final amended budget and actual amounts were done for minor adjustments and year end actual results

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The School's investment in capital assets as of June 30, 2010 amounts to \$ 54,452 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements, vehicles, and office and classroom equipment. The School has no outstanding debt at June 30, 2010.

**ECONOMIC FACTORS**

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

1. Costs associated with the new facility
2. Additional revenues associated with increased student enrollment

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Florida International Academy, Inc. for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Florida International Academy, Inc.; 13400 NW 28<sup>th</sup> Avenue, Opa Locka, FL 33054.

FLORIDA INTERNATIONAL ACADEMY, INC.

STATEMENT OF NET ASSETS

June 30, 2010

ASSETS

	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Cash	\$ 192,930
Accounts receivable	267
Due from other agencies	76,094
Due from affiliate	39,794
Prepaid expenses	<u>27,432</u>
Total current assets	<u>336,517</u>
 <b>NONCURRENT ASSETS:</b>	
Deposits	26,530
Capital assets, depreciable	228,628
Less accumulated depreciation	<u>(174,176)</u>
Total noncurrent assets	<u>80,982</u>
Total assets	<u>\$ 417,499</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 18,398
Accrued payroll and related taxes	<u>114,539</u>
Total current liabilities	<u>132,937</u>
 <b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	54,452
Unrestricted	<u>230,110</u>
Total net assets	<u>284,562</u>
Total liabilities and net assets	<u>\$ 417,499</u>

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

FLORIDA INTERNATIONAL ACADEMY, INC.

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities Net Revenue (Expense) and Change in Net Assets</u>
		<u>Capital Outlay Funds</u>	<u>Operating Grants and Contributions</u>	
<b>FUNCTIONS/PROGRAMS:</b>				
Governmental activities:				
Instruction	\$ 973,729	\$ -	\$ 208,119	\$ (765,610)
Administration	368,990	-	-	(368,990)
Operations of plant	152,033	-	-	(152,033)
Facilities acquisition	288,000	167,027	-	(120,973)
Community services	252,489	-	234,615	(17,874)
Pupil transportation services	163,569	-	-	(163,569)
Food services	215,623	-	177,296	(38,327)
Fiscal services	103,701	-	-	(103,701)
Maintenance of plant	22,938	-	-	(22,938)
Board	48,712	-	-	(48,712)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total governmental activities	\$ <u>2,589,784</u>	\$ <u>167,027</u>	\$ <u>620,030</u>	<u>(1,802,727)</u>
General revenues:				
FTE non-specific revenues				1,835,105
Miscellaneous revenues				15,587
Investment earnings				<u>34</u>
Total general revenues				<u>1,850,726</u>
Change in net assets				47,999
Net assets, July 1, 2009				<u>236,563</u>
Net assets, June 30, 2010				<u>\$ 284,562</u>

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

FLORIDA INTERNATIONAL ACADEMY, INC.  
BALANCE SHEET - GOVERNMENTAL FUND  
6/30/2010

	<u>General Fund</u>
<b>A S S E T S</b>	
<b>ASSETS:</b>	
Cash	\$ 192,930
Accounts receivable	267
Due from other agencies	76,094
Due from affiliate	39,794
Prepaid expenditures	27,432
Deposits	<u>26,530</u>
 Total assets	 \$ <u><u>363,047</u></u>
<b>L I A B I L I T I E S   A N D   F U N D   B A L A N C E</b>	
<b>LIABILITIES:</b>	
Accounts payable	\$ 18,398
Accrued payroll and related taxes	<u>114,539</u>
 Total liabilities	 <u>132,937</u>
 <b>FUND BALANCE:</b>	
Reserved for prepaid expenditures	27,432
Unreserved	<u>202,678</u>
 Total fund balance	 <u>230,110</u>
 Total liabilities and fund balance	 \$ <u><u>363,047</u></u>

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

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**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
June 30, 2010

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

Total fund balance - governmental fund, page 9 \$ 230,110

Capital assets used in governmental activities are not  
financial resources; therefore, they are not reported  
in the governmental fund.

Cost of capital assets	\$ 228,628	
Accumulated depreciation	<u>(174,176)</u>	<u>54,452</u>

NET ASSETS OF GOVERNMENTAL  
ACTIVITIES, PAGE 7 \$ 284,562

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

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - GOVERNMENTAL FUND**  
 For the Year Ended June 30, 2010

	<u>General Fund</u>
<b>REVENUES:</b>	
State sources	\$ 2,002,132
Federal sources	534,410
Local sources	<u>101,241</u>
Total revenues	<u>2,637,783</u>
 <b>EXPENDITURES:</b>	
Current:	
Instruction	965,197
Administration	368,990
Operations of plant	152,033
Facilities acquisition	288,000
Community services	252,489
Pupil transportation services	163,569
Food services	215,624
Fiscal services	103,701
Maintenance of plant	22,938
Board services	<u>48,712</u>
Total expenditures	<u>2,581,253</u>
Net change in fund balance	56,530
 FUND BALANCE, July 1, 2009	 <u>173,580</u>
 FUND BALANCE, June 30, 2010	 \$ <u><u>230,110</u></u>

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

~~FLORIDA INTERNATIONAL ACADEMY, INC.~~  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGE IN FUND BALANCE  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2010

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND, PAGE 11	\$	56,530
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlay as  
expenditures. However, in the statement of activities,  
these costs are allocated over their estimated useful  
lives as a provision for depreciation.

Cost of capital assets	\$	19,839	
Provision for depreciation		<u>(28,370)</u>	<u>(8,531)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u>47,999</u>
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The accompanying notes to basic financial statements are an integral part of these statements.



FLORIDA INTERNATIONAL ACADEMY, INC.  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

NOTE 1 - ORGANIZATION AND OPERATIONS

Florida International Academy, 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 228.056, Florida Statutes. The school is also a component unit of the Public School Board of Miami-Dade County, Florida. The School commenced operations in August 1998 and now offers classes for grades six through eight grade in the City of Miami. Three hundred two (302) students were enrolled in classes when the school year ended June 30, 2010.

In June 2010, the Florida International Academy, Inc. was granted an additional charter from the School Board of Miami-Dade County, Florida to operate a public elementary school within the school district. This school (Florida International Elementary Academy) (the "Academy"), has a separate financial statement and is not part of the School's basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District (the "District"). The current charter is effective until June 30, 2011, and may be renewed in increments of one year by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Florida International Academy, Inc. is considered a component unit of the Miami-Dade County Public School District.

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

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

Basis of presentation:

Based on the contractual provisions within the School's contract with the Miami-Dade County Public School District and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Basic financial statements - government-wide statements:

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

~~FLORIDA INTERNATIONAL ACADEMY, INC.~~  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables, as well as all noncurrent debt and obligations, if any. The School's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets resulting from the current year's activities.

Basic financial statements - fund financial statements:

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

The General Fund is employed in accounting for the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions of the School.

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.

Net assets:

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

Invested in capital assets, net of related debt - represents the difference between the cost of any capital assets, less accumulated depreciation reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvements of those assets, if any.

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.

Unrestricted - indicates that portion of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Fund balance:

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

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

Unreserved - indicates the portion of fund balance available for future appropriations.

~~FLORIDA INTERNATIONAL ACADEMY, INC.~~  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting:

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

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue 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 current period is defined as sixty days. 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.

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000 and useful life of over one year. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Equipment	5 years
Vehicles	5 years
Leasehold improvements	5-6 years

Income Taxes:

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

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

Due from other governments:

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

FLORIDA INTERNATIONAL ACADEMY, INC.  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid expenses/expenditures:

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

Use of estimates:

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

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund by function for the year ended June 30, 2010. The budget has been prepared in accordance with generally accepted accounting principles. A comparison of the actual results of operations to the final budgeted amounts for the General Fund is presented as required supplemental information.

NOTE 4 - DEPOSITS

At June 30, 2010 the total carrying amount of the School's cash balances was \$ 192,930. The bank balance at local depositories was \$ 219,259, for which the entire balance was insured by the FDIC.

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

NOTE 5 - CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Capital assets, depreciable:				
Equipment	\$ 186,225	\$ 19,839	\$ -	\$ 206,064
Vehicles	14,280	-	-	14,280
Leasehold improvements	8,284	-	-	8,284
Total capital assets, depreciable	<u>208,789</u>	<u>19,839</u>	<u>-</u>	<u>228,628</u>

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**NOTE 5 - CAPITAL ASSETS (continued)**

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Accumulated depreciation:				
Equipment	131,755	24,614	-	156,369
Vehicles	8,092	2,856	-	10,948
Leasehold Improvements	5,959	900	-	6,859
Total accumulated depreciation	<u>145,806</u>	<u>28,370</u>	<u>-</u>	<u>174,176</u>
Net capital assets	\$ <u>62,983</u>	\$ <u>(8,531)</u>	\$ <u>-</u>	\$ <u>54,452</u>

Depreciation for the year ended June 30, 2010, amounted to \$ 28,370, all of which was allocated to supporting services.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the district school board upon the non-renewal or termination of the contract.

**NOTE 6 - LEASES**

The School leases facilities for its operations. The lease for the School premises expired during the fiscal year. In connection with expired lease the rent for the year ended June 30, 2010 totaled approximately \$ 288,000. Prior to the end of the fiscal year, the School entered into a lease agreement for a new location effective August 1, 2010 which expires on July 31, 2034. The agreement has the option for four, five year extensions, subsequent to the end of the 25 year lease term. In addition the School has the option to purchase the property for approximately \$ 11,000,000 for the first four years of the agreement. Rent is based on agreed upon amounts for the initial three years and then increased by the consumer price index in effect for the third year.

Future base lease payments in accordance with the new agreement are as follows:

Year Ending <u>June 30</u>	
2010	\$ 585,000
2011	\$ 775,000
2012	\$ 832,000
2013	\$ 832,000
2014	\$ 832,000
2015-2019	\$ 4,160,000
2020-2024	\$ 4,160,000
2025-2029	\$ 4,160,000
2030-2034	\$ 4,160,000

The School plans on sharing the facility and the costs with its new elementary school that starts in the 2010/2011 school year.

~~FLORIDA INTERNATIONAL ACADEMY, INC.~~  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2010

NOTE 6 - LEASES (continued)

The School also leases equipment under various non-cancellable operating agreements, which are payable monthly aggregating approximately \$ 900. Such leases expire at various times from March 2010 through December 2011. In connection with these leases and other expired agreements, rent expense for the year ended June 30, 2010 totaled approximately \$ 15,435.

Future lease payments are approximately as follows:

Year Ending <u>June 30</u>		
2010	\$	9,300
2011	\$	3,000
Thereafter	\$	NONE

NOTE 7 - CONTINGENCIES AND COMMITMENTS

The School received financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, the School is required to conduct a "single audit" since the required threshold for both Federal and state money is currently \$ 500,000 and the School exceeded such threshold. The School is currently in process of completing this requirement.

The School also has a contract with a management company to assist the performance of various administrative, operating, and financial duties. Under the terms of the agreement, the School will pay monthly \$ 7,500 through June 2011. The total amount incurred during the year ended June 30, 2010 relating to this contract was \$ 90,000. This contract can be terminated unilaterally by either party if school enrollment falls below 200 students.

NOTE 8 - RELATED PARTY TRANSACTIONS

The School is related to Florida International Elementary Academy ("Elementary") through being operated under the same not-for-profit organization, Florida International Academy, Inc. The Elementary was granted its charter in May 2010, and will start operations as of August 2010. During the initial start up phase, the School transferred funds to the Elementary to help cover some of the start up costs. When the funding is received from the county, the Elementary intends to repay the funds to the School. As of June 30, 2010, the School was owed \$ 39,794 as a result of the transactions.

NOTE 9 - 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.

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# REQUIRED SUPPLEMENTAL INFORMATION

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance
	Original	Final		
<b>REVENUES:</b>				
FTE revenues	\$ 1,757,109	\$ 1,767,373	\$ 1,835,105	\$ 67,732
Operating grants and contributions	552,791	528,469	439,976	(88,493)
Capital outlay funds	173,000	167,027	167,027	-
Federal food service reimbursement	140,000	159,699	169,887	10,188
Student breakfast/lunches	11,787	7,374	7,409	35
Miscellaneous revenues	5,000	15,500	18,085	2,585
Investment earnings	2,000	50	34	(16)
Donations	550	260	260	-
	<u>2,642,237</u>	<u>2,645,752</u>	<u>2,637,783</u>	<u>(7,969)</u>
<b>EXPENDITURES:</b>				
Salaries	1,150,532	1,128,251	1,098,879	(29,372)
Professional services	394,105	415,430	393,837	(21,593)
Leases	304,100	304,600	303,379	(1,221)
Lunches	216,157	216,157	150,262	(65,895)
Payroll taxes	88,019	86,767	79,401	(7,366)
Employee insurance	85,896	84,056	84,781	725
Utilities	86,334	78,659	72,355	(6,304)
Nonprofessional services	48,000	40,600	38,465	(2,135)
Textbooks	58,458	60,958	51,264	(9,694)
Repairs and maintenance	26,000	26,000	27,251	1,251
Remodeling and renovations	-	-	-	-
Supplies	38,000	51,554	43,171	(8,383)
Software	3,735	4,785	3,462	(1,323)
Computer	-	1,300	1,294	(6)
Insurance	33,500	34,000	33,862	(138)
Travel	8,309	8,984	11,415	2,431
Indirect costs	-	-	5,377	5,377
Other employee benefits	15,886	12,886	12,553	(333)
Unemployment taxes	10,439	13,939	10,313	(3,626)
Workers compensation insurance	6,000	7,500	7,339	(161)
Equipment	2,000	5,000	21,100	16,100
Other personnel services	2,000	13,500	13,500	-
Dues and fees	12,000	12,000	5,581	(6,419)
Postage	4,500	3,500	3,388	(112)
Inspections	2,400	2,000	1,878	(122)
Printing	2,421	1,921	1,158	(763)
Gasoline	1,000	1,000	787	(213)
After school snacks	20,000	14,000	13,446	(554)
Administrative expenses	-	-	91,755	91,755
	<u>2,619,791</u>	<u>2,629,347</u>	<u>2,581,253</u>	<u>(48,094)</u>
Change in fund balance	22,446	16,405	56,530	40,125
FUND BALANCE, July 1, 2009	<u>(22,446)</u>	<u>(16,405)</u>	<u>173,580</u>	<u>189,985</u>
FUND BALANCE, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,110</u>	<u>\$ 230,110</u>



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## **OTHER AUDITORS' REPORTS**



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 *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Florida International Academy, Inc.  
Miami, Florida

We have audited the financial statements of the governmental activities and the General Fund of Florida International Academy, Inc. (the "School") (a not-for-profit corporation and a component unit of the Miami-Dade County Public School District), as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's 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 the School's management, members of the Board of Directors, the Auditor General of the State of Florida and the Miami-Dade County Public School District, and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 27, 2010



## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Florida International Academy, Inc.  
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of Florida International Academy, Inc. (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 27, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 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 audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
5. Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Florida International Academy, Inc.
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 Florida International Academy, Inc. 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 Florida International Academy, 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 same.

This management letter is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Chapter 119, Florida Statutes, this report is a matter of public record and its distribution is not limited.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 27, 2010