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Senior High
Master Schedule
of North Miami
Dade County

**NEW ALTERNATIVE EDUCATION
HIGH SCHOOL, NORTH MIAMI**
(A COMPONENT UNIT OF THE PUBLIC SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2010

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2010

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**BASIC
FINANCIAL STATEMENTS**



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Alternative Education High School, North Miami
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of New Alternative Education High School, North Miami (the "School"), a division of New Alternative Education High School of Miami-Dade County, Inc. and a component unit of the Public School Board of Miami-Dade County, Florida, as of and for the initial 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.

As discussed in Note 1, the financial statements of the school intended to present the financial position and changes in the financial position of only that portion of the governmental activities, and General Fund and aggregate remaining fund information of the School that is attributable to the transactions of New Alternative Education High School, North Miami Beach. They do not purport to, and do not present fairly the financial position of New Alternative High School of Miami-Dade County, Inc. as of June 30, 2010, and its changes in financial position or budgetary comparison, where applicable, for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

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

New Alternative Education High School, North Miami

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements, but is 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the School's basic financial statements. The budgetary comparison schedule - General Fund on page 20 is presented for purposes of additional analysis and is not 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 31, 2010

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Our discussion and analysis of New Alternative Education High School, North Miami (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2010. Please read it in conjunction with the School's financial statements, which immediately follow this discussion. This is the first year of operations and therefore only one year of information is presented in management discussion and analysis.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended June 30, 2010:

- The School's total liabilities exceeded its assets at June 30, 2010 by \$ (326,998) (net assets).
- The School's total revenues were \$ 1,789,290, \$ 1,374,526 from FTE revenues, \$ 250,000 from operating grants and contributions, \$ 160,000 from other sources of revenue of in the form of monies transferred in from New Alternative Education High School, South Miami, and \$ 4,764 from general sales. The School's expenses for the year were \$ 2,116,288. Net assets for the year shows a deficit of \$ (326,998).

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 supplemental information in addition to the basic financial statements.

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.

**NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Fund financial statements (continued):

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 (deficit) provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

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 for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 13 through 18 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General Fund adopted budget to actual results. Required supplemental information can be found on page 19 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 statements of net assets as of June 30, 2010:

**NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
Statements of Net Assets**

		2010
CURRENT ASSETS	\$	160,451
NONCURRENT ASSETS		242,474
Total assets		402,925
LIABILITIES		729,923
NET ASSETS:		
Invested in capital assets		242,474
Unrestricted (deficit)		(569,472)
Total net assets	\$	(326,998)

**NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

A portion of the School's net assets reflect 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. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2010, the School had no restricted assets.

As reflected below, net assets reflected a deficit of \$ (326,998) as summarized in the following table:

**NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
Statements of Changes in Net Assets**

		<u>2010</u>
REVENUES:		
General revenues	\$	1,539,290
Program revenues		<u>250,000</u>
Total revenues		<u>1,789,290</u>
 FUNCTIONS/PROGRAM EXPENSES:		
Instruction		474,797
Instructional support services		1,127,335
Operation of non-instructional services		<u>514,156</u>
Total governmental activities		<u>2,116,288</u>
Change in net assets	\$	<u><u>(326,998)</u></u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUND

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, if any, may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the June 30, 2010 budget and revenues and expenditures were both under the adopted budget for the year.

**NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

CAPITAL ASSET ADMINISTRATION

The School's investment in capital assets as of June 30, 2010 amounts to \$ 242,474 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements, furniture and equipment and computer equipment. A more detailed analysis is provided in Note 4 on page 16.

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 2010 include:

- Results of increased student enrollment are expected to increase revenue to the program while other fixed costs remain constant.
- An adjustment of students' matrix levels performed by MDCPS will continue to reflect additional funding in the School's FEFP distribution.
- Continue maximizing our quality of services while we reduced our variable costs per student.
- Continue implementing new operational procedures that will enable the School's Administrators to improve on efficiency of both operations, and student performance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of New Alternative Education High School, North Miami's finances 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 Mavericks in Education Florida, LLC; 301 Southern Boulevard; West Palm Beach, FL 33405.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
STATEMENT OF NET ASSETS
June 30, 2010

A S S E T S

CURRENT ASSETS:

Cash	\$	1,560
Accounts receivable		1,999
Prepaid expenses		33,136
Due from related party		53,823
Deposits		<u>69,933</u>
Total current assets		160,451

NONCURRENT ASSETS:

Capital assets, depreciable, net of accumulated depreciation		<u>242,474</u>
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Total assets		<u>402,925</u>
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L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:

Accounts payable		89,034
Accrued liabilities		37,735
Note payable, due within one year		<u>603,154</u>
Total current liabilities		<u>729,923</u>

CONTINGENCIES AND COMMITMENTS (Note 5)

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NET ASSETS:

Invested in capital assets		242,474
Unrestricted (deficit)		<u>(569,472)</u>
Total net assets	\$	<u><u>(326,998)</u></u>

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

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

		Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Assets (Deficit)
FUNCTIONS/PROGRAMS:					
Governmental activities					
Instruction					
Regular instruction	\$ 474,797	\$ -	\$ -	\$ 250,000	\$ (224,797)
Instructional support services					
Administrative services	221,014	-	-	-	(221,014)
Instructional services	93,132	-	-	-	(93,132)
Plan operations and maintenance	739,729	-	-	-	(739,729)
Student transportation	73,460	-	-	-	(73,460)
Operation of non-instructional services:					
Fiscal services	494,201	-	-	-	(494,201)
Interest expense	19,955	-	-	-	(19,955)
	<u>\$ 2,116,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>(1,866,288)</u>
Total governmental activities					
General revenues:					
					1,374,526
FTE nonspecific revenues					4,764
Other sources of revenue					160,000
Transfer in					160,000
					1,539,290
					(326,998)
					-
					\$ (326,998)
					\$ (326,998)

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

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2010

		General Fund
A S S E T S		
ASSETS:		
Cash	\$	1,560
Accounts receivable		1,999
Prepaid expenditures		33,136
Due from related party		53,823
Deposits		69,933
Total assets	\$	160,451
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$	89,034
Accrued liabilities		37,735
Total liabilities		126,769
CONTINGENCIES AND COMMITMENTS (Note 5)		
-		
FUND BALANCE:		
Reserved for prepaid expenditures		33,136
Unreserved		546
Total fund balance		33,682
Total liabilities and fund balance	\$	160,451

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

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
 TO THE STATEMENT OF NET ASSETS
 June 30, 2010

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS:

Governmental fund balance, page 9:	\$	33,682
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Amounts reported for governmental activities in the statement of net assets are difference because:

Capital assets and debt issues used in governmental activities are not financial resources and therefore are not reported in the governmental fund.

Cost of capital assets	\$	250,556	
Accumulated depreciation		<u>(8,082)</u>	242,474

Liabilities not payable with current available resource are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term are reported government-wide statements.

Note payable		<u>(603,154)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES, page 7	\$	<u><u>(326,998)</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General Fund
REVENUES:	
Federal sources	\$ 250,000
State sources	1,374,526
Local sources	4,764
Total revenues	1,629,290
EXPENDITURES:	
Current:	
Instruction	474,797
Instructional services	93,132
Pupil transportation services	73,460
Fiscal services	494,201
Plant operations and maintenance	731,647
Administrative services	221,014
Capital outlay	250,556
Principal and interest	66,801
Total expenditures	2,405,608
Net change in fund balance before other financing sources	(776,318)
OTHER FINANCING SOURCES:	
Proceeds from note payable	650,000
Transfer in	160,000
Total other financing sources	810,000
Net change in fund balance	33,682
FUND BALANCE, July 1, 2009	-
FUND BALANCE, June 30, 2010	\$ 33,682

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

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE
OF GOVERNMENTAL FUND TO THE STATEMENT OF NETS ASSETS
For the Year Ended June 30, 2010

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND, PAGE 11	\$	33,682
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Amounts reported for governmental activities in the statement of activities are difference because:

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

Expenditures for capital assets	\$ 250,556		
Provision for depreciation	<u>(8,082)</u>		242,474

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net assets.

Proceeds from note payable	(650,000)		
Retirements of note payable obligation	<u>46,846</u>		<u>(603,154)</u>

CHANGE IN NET ASSETS ON THE STATEMENT OF ACTIVITIES, PAGE 8	\$	<u><u>(326,998)</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - ORGANIZATION AND OPERATIONS

New Alternative Education High School, North Miami (the "School") is a division of New Alternative Education High School of Miami-Dade County, Inc. (the "Entity") and a component unit of the Public School Board of Miami-Dade County, Florida. The School commenced operations in July 2009 and now offers classes for High School students in the City of North Miami Beach, Florida. Approximately two hundred and sixty students were enrolled in classes when the school year ended in June 2010.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Public School Board of Miami-Dade County, Florida (the "District"). The current charter is effective until June 30, 2014. 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. The School 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.

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.

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.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including the provision for depreciation) by related program revenues, contributions, and 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.

Fund financial statements:

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

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

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 capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement 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 (deficit) that will need to be funded by future operations.

Fund balance:

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

- Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.
- Unreserved - indicates the portion of fund balance (deficit) that will need to be funded by future operations.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting:

The 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 government-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 fund 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.

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 a 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 expenditures 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 for repairs and maintenance are expensed as incurred.

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

Leasehold improvements	30 years
Furniture and equipment	5 years

Grant and contract revenue:

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

Compensated absences:

The School's policy does not allow employees to carry over vacation time during the year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ending June 30, 2010.

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 accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 4 - CAPITAL ASSETS

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

	Balance at July 1, 2009	Additions	Retirements	Balance at June 30, 2010
Capital assets, depreciable:				
Leasehold improvements	\$ -	\$ 29,442	\$ -	\$ 29,442
Furniture and equipment	-	221,114	-	221,114
	<u>-</u>	<u>250,556</u>	<u>-</u>	<u>250,556</u>
Total capital assets, depreciable	<u>-</u>	<u>250,556</u>	<u>-</u>	<u>250,556</u>
Accumulated depreciation:				
Leasehold improvements	-	-	-	-
Furniture and equipment	-	8,082	-	8,082
	<u>-</u>	<u>8,082</u>	<u>-</u>	<u>8,082</u>
Total accumulated depreciation	<u>-</u>	<u>8,082</u>	<u>-</u>	<u>8,082</u>
Net capital assets	\$ <u>-</u>	\$ <u>242,474</u>	\$ <u>-</u>	\$ <u>242,474</u>

The provision for depreciation for the year ended June 30, 2010 amounted to \$ 8,082. The School allocated 100% of the depreciation to the operation of the facility.

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 this contract.

NOTE 5 - CONTINGENCIES AND COMMITMENTS

Grant agreements:

The School received financial assistance from Federal 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 not required to conduct "single audits" since the required threshold for Federal awards and state financial assistance is currently \$ 500,000 and the School did not exceed such threshold.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 5 - CONTINGENCIES AND COMMITMENTS (continued)

Lease commitment:

The School entered into an operating lease with Mavericks in Education Florida, LLC, Education Service Providers (ESP), for the rental of its facility with monthly payments of approximately \$ 30,000 through June 30, 2014. The lease contains no renewal options. Total expense in connection with the facility lease amounted to approximately \$ 350,000 for the year ended June 30, 2010.

Future lease payments are approximately as follows:

<u>Year Ending June 30,</u>		
2011	\$	350,000
2012	\$	350,000
2013	\$	350,000
2014	\$	350,000
Thereafter	\$	NONE

Agreements:

The School operates under a management agreement with Mavericks in Education Florida, LLC (ESP), which is a third party education service provider. The contract provides for assisting the School in the performance of various administrative, operating, and financial duties. In exchange for the aforementioned services, the School is responsible for payment of monthly installments of approximately \$ 35,000 for the first year and negotiated charges thereafter through June 2014. The total amount incurred during the year ended June 30, 2010 relating to this contract was approximately \$ 425,000

Post retirement benefits:

The School offers no post retirement benefits to its employees.

NOTE 6 - NOTE PAYABLE

The School has a note payable to Mavericks in Education Florida, LLC. This loan does not require monthly principal payments until the maturity date. The note bears interest of 7%, and requires interest to be paid monthly beginning April 15, 2010, through March 15, 2011 at which time all interest and principal is due.

The following is a summary of changes in the School's debt for the year ended June 30, 2010

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2010</u>
Note payable	\$ <u> -</u>	\$ <u> 650,000</u>	\$ <u> 46,846</u>	\$ <u> 603,154</u>

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 - RELATED PARTY TRANSACTIONS

The School has a receivable of \$ 53,823 from New Alternative Education High School, South Miami, ("South Miami") governed under the same Board of Directors, and registered under the Miami Dade School District, and operating under the entity New Alternative Education High School of Miami Dade County, Inc. This amount represents the net total of \$ 106,177 payable to South Miami used to fund operating expenses, which was forgiven as of year end, and a receivable from South Miami of a Board approved transfer of \$ 160,000 used to fund the net asset deficit.

NOTE 8 - 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 9 - RISK FINANCING

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the current year.

**REQUIRED SUPPLEMENTAL
INFORMATION**

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2010

	Original And Final Budget	Actual	Variance
REVENUES:			
Operating revenues	\$ 2,487,581	\$ 1,374,526	\$ (1,113,055)
Grants and contributions	375,000	250,000	(125,000)
Revenue other sources	-	4,764	4,764
	<u>2,862,581</u>	<u>1,629,290</u>	<u>(1,233,291)</u>
EXPENDITURES:			
Current:			
Salaries	1,033,862	670,272	363,590
Administrative services	526,179	433,401	92,778
District and board Services	199,006	68,726	130,280
Employee benefits	221,569	17,613	203,956
Contracted bus transportation	-	73,460	(73,460)
Instructional support	160,659	102,408	58,251
Professional services	33,120	43,441	(10,321)
Utilities	30,000	29,335	665
Technical support	40,000	48,195	(8,195)
Repairs and maintenance	34,500	105,966	(71,466)
Uniforms	15,000	8,967	6,033
Insurance	14,000	22,043	(8,043)
Rentals	350,000	350,450	(450)
Office expenses	67,000	51,507	15,493
Travel	12,000	6,041	5,959
Miscellaneous	9,000	9,109	(109)
Advertising	25,000	26,317	(1,317)
Taxes	-	21,000	(21,000)
Principal and interest expense	-	66,801	(66,801)
Capital outlay	-	250,556	(250,556)
	<u>2,770,895</u>	<u>2,405,608</u>	<u>365,287</u>
Net change in fund balance before other financing sources	91,686	(776,318)	(868,004)
OTHER FINANCING SOURCES:			
Proceeds from note payable	-	650,000	650,000
Transfer in	-	160,000	160,000
	<u>-</u>	<u>810,000</u>	<u>810,000</u>
Total other financing sources	-	810,000	810,000
Change in fund balance	91,686	33,682	(58,004)
FUND BALANCE, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2010	<u>\$ 91,686</u>	<u>\$ 33,682</u>	<u>\$ (58,004)</u>

OTHER AUDITORS' REPORTS



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

To the Board of Directors
New Alternative Education High School, North Miami
Miami, Florida

We have audited the financial statements of governmental activities and the General Fund of New Alternative Education High School, North Miami (the "School"), (a component unit of the Public School Board of Miami-Dade County, Florida) 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 31, 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.

New Alternative Education High School, North Miami
Miami, Florida

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*.

We did note other matters and have reported them on pages 25 and 26 of the Schedule of Findings and Recommendations.

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 Public School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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

Fort Lauderdale, Florida
August 31, 2010



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
New Alternative Education High School, North Miami
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of New Alternative Education High School, North Miami (the "School"), a component unit of the School Board of Miami-Dade County, Florida, 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 31, 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. Disclosures in those reports and schedule, which are dated August 31, 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. This is the School's initial year of operations and no reports were issued in the previous year.
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. We did note other matters and have reported them on the Schedule of Findings and Recommendations on pages 25 and 26.
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.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI

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 New Alternative Education High School, North Miami.
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 New Alternative Education High School North Miami 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 New Alternative Education High School, North Miami'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 31, 2010



INDEPENDENT AUDITORS' REPORT TO MANAGEMENT

To the Board of Directors
New Alternative Education High School, North Miami
Miami, Florida

In planning and performing our audit of the financial statements of New Alternative Education High School, North Miami (the "School"), for the year ended June 30, 2010, we considered the School's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of certain matters that represents opportunities for you to strengthen your internal controls and operating efficiencies. This letter includes our comments and recommendations. This letter does not affect our separate report dated August 31, 2010 on the financial statements of the School.

The enclosed comments are not intended to reflect on the honesty, integrity, or competence of the employees of the School, but are mentioned only to aid you in improving existing procedures and internal controls.

After you have had an opportunity to consider our comment and recommendation, we would be happy to discuss it with you at your convenience.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 31, 2010

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSES
For the Year Ended June 30, 2010

CURRENT YEAR COMMENTS AND RECOMENDATIONS

ACCOUNTING POLICIES AND PROCEDURES

09-01 Use a Checklist of Accounting Procedures

In order to ensure that all accounting procedures are performed on a timely basis, we recommend that a comprehensive checklist be prepared to be used by both the accounting and operating department. The checklist should cover all procedures that the Company determines need to be performed on an interim basis including, but not limited to, month end procedures such as bank reconciliations, and general ledger account analysis.

Management's response

Due to the size of the staff and close supervision, a checklist was not formalized during fiscal year 2010. A checklist will be prepared and implemented in fiscal year 2011.

09-02 Interim Financial Reporting

The School maintains its accounting records on a full accrual basis of accounting. The School must also report the modified cash basis of accounting for proper financial statements to be produced under governmental accounting standards. We recommend the School develop reports that are required under the School's charter contract and related statutory rules.

Management's response

We agree with this comment and are currently completing full accrual and modified accrual financial statements

09-03 Improve Controls over Non-routine Transactions

During our audit, we noted that certain transactions of the School did not indicate controls over the initiating, authorizing, recording, and processing of non-routine (unusual, nonrecurring, or adjusting) journal entries in the general ledger. We believe the Company should establish policies and procedures to ensure that all non-routine transactions are properly recorded, authorized, reviewed, and reported in its financial statements.

Management's response

Policies were implemented but not formally drafted. We are currently in the process of formally drafting said policies, which will be implemented for fiscal year ended 2011.

SEGREGATION OF DUTIES

09-04 Improve Segregation of Accounting Department Duties

Although the small size of the Company's office staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. The result is the danger that intentional or unintentional errors could be made and not detected.

NEW ALTERNATIVE EDUCATION HIGH SCHOOL, NORTH MIAMI
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSES
For the Year Ended June 30, 2010
(Continued)

SEGREGATION OF DUTIES (continued)

Management's response

We are currently reevaluating internal controls and will implement written policies upon conclusion.

DEPRECIATION

09-05 Record Depreciation during the Year

The Company does not record depreciation expense during the year for interim financial statements. We believe that depreciation be recorded during the year in order to provide more accurate financial information for review by management for the full accrual reporting requirements. If the Company does not wish to spend the time calculating depreciation each month, the monthly expense could be an estimate based on a fraction of the prior year's actual expense, with the estimate being adjusted to actual for the annual financial statements. Such an estimate would be reasonably accurate unless there were major additions or disposals during the year, in which case the estimate could be adjusted to reflect the significant activity.

Management's response

We agree with this comment and are currently in the process of implementing this for fiscal year 2011

ACCOUNTING SOFTWARE (I.T. CONTROLS)

09-06 Restrict Access of Multiple QuickBooks users to Data Files

The Company uses QuickBooks accounting software, which allows more than one user to access Company files. We believe that because multiple users have access to the Company's QuickBooks data files, steps should be taken to protect the data from unauthorized use. The QuickBooks Administrator should specify the areas to which each person will have access and whether that access is to be full or selective. If only selective access is granted, the QuickBooks Administrator should specify whether the user can (a) create transactions only, (b) create and print transactions, or (c) create both transactions and reports. Even if users were granted full access in a particular area, they would not be able to change or delete transactions in that area unless they were given permission in a QuickBooks "Changing or Deleting Transactions" window.

Management's response

The current QuickBooks users are approved for all areas. Payroll and other restricted information are not kept in QuickBooks.