

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(a nonprofit organization)**

**SPECIAL PURPOSE FINANCIAL STATEMENTS**

**FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL  
A Program of ASPIRA OF FLORIDA, INC.  
(a nonprofit organization)**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT	1-2
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Special Purpose Financial Statements	6-10
SUPPLEMENTARY AUDITORS' REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	11-12
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	13-14
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROGRAMS	15
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	16
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	17-18
SCHEDULE OF RECOMMENDATIONS	19-21

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**INDEPENDENT AUDITORS' REPORT**

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& Company, L.L.P.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.  
Miami, Florida

We have audited the accompanying special purpose financial statements of ASPIRA Eugenio Maria De Hostos Charter School (the "School"), a program of ASPIRA of Florida, Inc. (a nonprofit organization) as of and for the fiscal years ended June 30, 2011 and 2010 as listed in the table of contents. These special purpose financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we express no such opinion. 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 explained in Note 1 to the special purpose financial statements, the financial statements being presented are only for the School referred to above, which is a program of ASPIRA of Florida, Inc. The special purpose financial statements do not include the statement of financial position, activities and cash flows of ASPIRA of Florida, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of ASPIRA of Florida, Inc. as of June 30, 2011 and 2010 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2011 and 2010, and the changes in its net assets and cash flows for the fiscal years 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 a report dated August 29, 2011 on our consideration of the School's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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 read in conjunction with this report in considering the results of our audit.

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards programs is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the special purpose financial statements of the School. Such information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the special purpose financial statements taken as a whole.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
August 29, 2011

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**SPECIAL PURPOSE FINANCIAL STATEMENTS**

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**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA of FLORIDA, INC.**  
**(a nonprofit organization)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current assets:		
Due from the Miami-Dade County School Board		
-State of Florida Capital Outlay Distribution	\$ 9,954	\$ 22,348
-Education Jobs Fund	<u>48,894</u>	<u>-</u>
Total current assets	<u>58,848</u>	<u>22,348</u>
Capital Assets, Net	<u>424,064</u>	<u>416,821</u>
Total assets	<u>\$ 482,912</u>	<u>\$ 439,169</u>
<u>LIABILITIES</u>		
Current liabilities:		
Due to ASPIRA of Florida, Inc.	<u>\$ 229,601</u>	<u>\$ 317,531</u>
Total current liabilities	<u>229,601</u>	<u>317,531</u>
Long-term liabilities:		
Compensated absences	<u>8,797</u>	<u>18,457</u>
Total long-term liabilities	<u>8,797</u>	<u>18,457</u>
<u>NET ASSETS</u>		
Net Assets:		
Unrestricted	<u>244,514</u>	<u>103,181</u>
Total net assets	<u>244,514</u>	<u>103,181</u>
Total liabilities and net assets	<u>\$ 482,912</u>	<u>\$ 439,169</u>

See Notes to Special Purpose Financial Statements.

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(A nonprofit organization)**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Changes in Unrestricted Net Assets</u>		
Support and revenue		
Local-FTE	\$ 2,792,891	\$ 2,780,080
Federal grants	513,157	521,702
Local grants	101,750	21,267
Other	11,788	29,845
Total revenues	<u>3,419,586</u>	<u>3,352,894</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>291,714</u>	<u>266,393</u>
Total net assets released from restrictions	<u>291,714</u>	<u>266,393</u>
	<u>3,711,300</u>	<u>3,619,287</u>
Expenses:		
Instruction (Teachers)	1,328,868	1,540,647
Pupil personnel services	111,005	87,040
Instructional media service	115,316	18,745
General administration	169,344	125,608
School administration	427,835	440,865
Fiscal services	12,750	10,196
Student transportation services	299,975	310,292
Operation of plant	561,061	522,145
Maintenance of the plant	180,763	107,014
Food services	271,680	316,286
Depreciation	91,370	71,209
Total expenses	<u>3,569,967</u>	<u>3,550,047</u>
Increase in unrestricted net assets	<u>141,333</u>	<u>69,240</u>
<u>Changes in Temporarily Restricted Net Assets</u>		
Contributions and grants	291,714	266,393
Net assets released from restrictions	<u>(291,714)</u>	<u>(266,393)</u>
(Decrease) in temporarily restricted net assets	<u>-</u>	<u>-</u>
Increase in net assets	<u>141,333</u>	<u>69,240</u>
Net assets, beginning	<u>103,181</u>	<u>33,941</u>
Net assets, ending	<u>\$ 244,514</u>	<u>\$ 103,181</u>

See Notes to Special Purpose Financial Statements.



**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(A nonprofit organization)**  
**STATEMENTS OF CASH FLOWS**

FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 141,333	\$ 69,240
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	91,370	71,209
Allowance for doubtful accounts	-	-
(Increase) decrease in:		
Due from School Board of Miami-Dade County		
-State of Florida Capital Outlay Distribution	12,394	10,935
-Education Jobs Fund	(48,894)	-
Increase (decrease) in:		
Due to/from ASPIRA of Florida, Inc., net	(87,930)	(113,695)
Compensated absences	(9,660)	7,094
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>98,613</u>	<u>44,783</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(98,613)</u>	<u>(44,783)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(98,613)</u>	<u>(44,783)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	-	-
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Special Purpose Financial Statements.

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(a nonprofit organization)**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 2011 and 2010**

**I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

ASPIRA of Florida, Inc. (the "Organization") was incorporated on March 2, 1981 in the State of Florida, and is a non-profit organization operating in Miami-Dade, Broward and Palm Beach counties.

The overall purpose of the Organization is to foster the social advancement of the Puerto Rican/Latino community by empowering its youth in the pursuit of educational excellence through leadership development programs that emphasize commitment to the community. ASPIRA's programs are grouped into two major categories: a) Youth Leadership Development/Outreach (YLD) and b) Youth Leadership Charter Schools.

On April 14, 2001, the Miami-Dade County School Board approved the application submitted by the Board of Directors of ASPIRA of Florida, Inc. for the creation of the ASPIRA Eugenio Maria De Hostos Charter School (the "School"). The School is accounted for as program of the Organization. The governing body of the School is the Organization's Board of Directors.

The School operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the "School Board"). The School's charter was approved by the Board of Directors on April 14, 2001 and is effective until June 30, 2016. The charter may be renewed for up to an additional five (5) years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e) of the Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

**Enrollment and Grade Configuration**

<u>Schools Name and Addresses</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enrollment</u>	<u>School Principal</u>
ASPIRA Eugenio Maria De Hostos Charter School 1910 N.E. Miami Court, Miami, FL 33132	6070	6 <sup>th</sup> , 7 <sup>th</sup> , and 8 <sup>th</sup>	485	Fernando Lopez

**Governance Structure**

The Board of Directors of ASPIRA of Florida, Inc. governs the School through the School's Advisory Council (governing board). The Board of Directors of ASPIRA of Florida, Inc. consists of the following members:

Edward Hernandez, Esq.	Chairperson
Miriam Sierra	Vice-Chair Programs and Planning
Ruth Pacheco	Vice-Chair Fund Raising
Marisol Gomez-Decena, Esq.	Secretary
Tulia Badillo	Treasurer
Victor Vazquez	Board member
Aymet Chaples	Vice President and COO (non-voting member)

### **School Advisory Council (SAC)**

The SAC is composed of the Board Chair and one other Board member, the President and CEO, Vice-President and COO, the School Principal (a non-voting member), and a parent representative.

Chairperson	Edward Hernandez, Esq.
Board member	Miream Sierra
Parent representative	Isabel Rodriguez-Dehmer
Interim President and CEO	Aymet Chaples (*)
Principal	Fernando Lopez (*)

(\*) Non Voting Member

### **Financial Statement Presentation**

For financial reporting purposes, ASPIRA Eugenio Maria De Hostos Charter School is a program of ASPIRA of Florida, Inc. and is included in the Organization's annual financial statements.

The special purpose financial statements present the financial position, activities and cash flows of ASPIRA Eugenio Maria De Hostos Charter School only and do not include the assets, liabilities, net assets and statements of activities and cash flows of ASPIRA of Florida, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of ASPIRA of Florida, Inc. as of June 30, 2011 and 2010 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The School uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

### **Restricted and Unrestricted Revenue**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Funds provided by the School Board through the State's Charter School Capital Outlay Funding pursuant to Section 228.0561 of the Florida Statutes are recorded as temporarily restricted support until the Organization submits a Capital Outlay Plan to the School Board and the School Board accepts the Capital Outlay Plan and releases the funds.

Funds received from the Miami-Dade County Public School Board (the "School Board") and the State of Florida for the operations of the School are recorded as exchange transactions.

### Cash and Cash Equivalents

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

### Capital Assets

Capital assets consist of leasehold improvements, furniture and equipment, and textbooks, are recorded at cost and depreciated using the straight-line method over a three to ten year estimated useful lives or in the case of leasehold improvements over the life of the lease. Contributed property and equipment is recorded at fair value at the date of donation. The School capitalizes assets with cost greater than \$500 and a useful life greater than one year.

Repairs and maintenance are expensed as incurred. Improvements which increase the life of the assets are capitalized. The carrying amount of assets sold are retired and the related accumulated depreciation is eliminated in the year of disposal and the resulting gain or loss is credited or charged to operations.

### Due To/From ASPIRA of Florida, Inc.

The School is accounted for as a program of ASPIRA of Florida, Inc. under a pooled cash system. All cash is received/paid by the Organization and Due To/From accounts are debited or credited for amounts owed to or due from the School. Interest earned on funds held by the Organization on behalf of the School is allocated back to the School based on the balances of the Due To/From at year end.

### Compensated Absences

Non-instructional employees of the School earn a vested right to compensation for unused vacation and sick time up to a maximum of 240 hours for vacation and 160 hours for sick time based on their years of service. Upon separation from employment, only unused vacation time is paid to the employee. Accordingly, the School has made an accrual for vacation time compensation that employees have earned but not taken.

### Revenue Sources

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

### Income Taxes

The Organization; and therefore the School; is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public supported organization.

### Use of Estimates

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectibility of receivables, the use and recoverability of inventory, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**II. TEMPORARILY RESTRICTED NET ASSETS**

Capital Outlay Funds

During 2011 and 2010, the School Board received an additional \$291,714 and \$266,393; respectively, of Section 228.0561, F.S., Charter Schools Capital Outlay Funding from the State on behalf of the School. The funds have been deposited with the School Board and will be distributed once the School incurs expenses in accordance with approved Capital Outlay Plans by the School Board and follow other guidelines developed by the Florida Department of Education. As of June 30, 2011 and 2010, the School has recorded a receivable from the School Board of \$9,954 and \$22,348; respectively. During 2011 and 2010, the School released \$291,714 and \$266,393; respectively, from restrictions by incurring expenses in accordance with approved Capital Outlay Plans.

**III. CAPITAL ASSETS**

Capital assets consist of the following:

	June 30,	
	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$369,118	\$369,118
Furniture and equipment	118,028	118,028
Textbooks	<u>246,806</u>	<u>148,193</u>
	733,952	635,339
Less: Accumulated depreciation	<u>(309,888)</u>	<u>(218,518)</u>
	<u>\$424,064</u>	<u>\$416,821</u>

**IV. 403 (b) THRIFT RETIREMENT PLAN**

Effective July 1, 1997, the Organization established a 403 (b) Thrift Retirement Plan (the "Plan") created in accordance with Internal Revenue Service Code Section 403(b) for all full-time employees of the Organization. Employees of the School are eligible to participate in the Plan. There are no minimum age or service requirements to contribute to the Plan and employees may contribute up to the maximum percentage allowable not to exceed annual limits established in the Internal Revenue Code. Employer contributions equal 100% of the first 2% of the participants' gross salary. To be eligible for employer contributions, the participant must be at least 21 years of age and have provided one year of service. Employer contributions are 100% vested upon the participant's 65th birthday, or if earlier, upon completion of a three year vesting period. As of June 30, 2011 and 2010, there were 19 and 21, employees from the School participating in the Plan. For the fiscal year ended June 30, 2011 and 2010, the School contributed approximately \$15,000 and \$16,000 to the Plan; respectively.

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

**V. COMMITMENTS AND CONTINGENCIES**

School Facilities Lease

The School leases its facilities under the terms of an operating lease with monthly payments of approximately \$33,273. The lease terms were extended through June 2016 effective November 2010.

The minimum future rentals to be paid by the School are as follows:

<u>June 30,</u>	
2012	\$ 399,283
2013	407,269
2014	415,414
2015	423,722
2016	<u>432,197</u>
	<u>\$2,077,885</u>

Rent expense totaled approximately \$391,000 for the School during 2011 and 2010.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the School. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

**VI. RISK MANAGEMENT**

Insurance for general liability, automotive liability, and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

**VII. MANAGEMENT FEE**

Pursuant to the Charter School contract with the School Board, the School Board is paid a management fee of 5% of the qualifying revenues of the School. For the fiscal years ended June 30, 2011 and 2010, management fees paid to the School Board amounted to \$75,770 and \$146,320; respectively.

**VIII. SUBSEQUENT EVENT**

Management evaluated subsequent events from July 1, 2011 through August 29, 2011 the date that the financial statements were available to be published. No events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.

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## COMPLIANCE SECTION

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**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 and Officers of  
ASPIRA of Florida, Inc.  
Miami, FL

We have audited the special purpose financial statements of the ASPIRA Eugenio Maria De Hostos Charter School (the "School"); a program of ASPIRA of Florida, Inc., (a nonprofit organization) as of and for the fiscal year ended June 30, 2011, and have issued our report dated August 29, 2011. 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 opinion 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 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

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*.

The School's responses to the recommendations identified in our audit are described in the accompanying schedule of recommendations. We did not audit the School's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors of ASPIRA Florida, Inc., management, the Auditor General of the State of Florida, the U.S. Department of Agriculture, the State of Florida Department of Education and the Miami-Dade County School Board and is not intended to be and should not be used by anyone other than those specified parties.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
August 29, 2011



Alberni, Caballero  
& Company, L.L.P.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.  
Miami, FL

Compliance

We have audited the compliance of the ASPIRA Eugenio Maria De Hostos Charter School (the "School"); a program of ASPIRA of Florida, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of School's major federal programs for the fiscal year ended June 30, 2011. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Directors of ASPIRA Florida, Inc., management, the Auditor General of the State of Florida, the U.S. Department of Agriculture, the State of Florida Department of Education and the Miami-Dade County School Board and is not intended to be and should not be used by anyone other than those specified parties.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
August 29, 2011

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(a nonprofit organization)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Agency, Pass-through Entity <u>Federal Program</u>	<u>CFDA</u> <u>Number</u>	<u>Contract</u> <u>Grant</u> <u>Number</u>	<u>Expenditures</u>
 <b><i>U.S. Department of Education</i></b>			
Indirect Programs:			
Pass-Through the Miami-Dade County Public School Board			
Title I _State Grant	84.010	N/A	\$ <u>201,506</u>
<b><i>Total U.S. Department of Education</i></b>			<u>201,506</u>
 <b><i>U.S. Department of Agriculture</i></b>			
Indirect Programs:			
Pass-Through State of Florida Department of Education			
National School Lunch Program (NSLP)	10.555	01-0410	84,468
School Breakfast Program (SBP)	10.553	01-0410	209,442
After School Snack Program	10.555	01-0410	<u>17,571</u>
Total Child Nutrition Cluster			<u>311,481</u>
<b><i>Total U.S. Department of Agriculture</i></b>			<u>311,481</u>
 <b>Total Expenditures of Federal Awards</b>			 \$ <u><u>512,987</u></u>

N/A - Not Available

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(a nonprofit organization)**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**1. GENERAL**

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal grant awards of ASPIRA Eugenio Maria De Hostos Charter School (the "School") over which the School exercised direct operating control for the fiscal year ended June 30, 2011.

**2. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and includes expenses incurred by the School during its fiscal year July 1, 2010 to June 30, 2011.

**3. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

All Federal grant operations of the School are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Circular A-133 Compliance Supplement* (Revised March 2011, the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. This program represents all of the Federal award programs with 2011 expenditures that ensure coverage of at least 25% of Federally granted funds, as the School qualified to be audited as a low risk auditee. Actual coverage is approximately 61% of total cash Federal award program expenditures.

<u>Major Federal Award Program Description</u>	<u>Expenditures</u>
Food and Nutrition Program	<u>\$311,481</u>



Alberni, Caballero  
& Company, L.L.P.

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

To the Board of Directors and Officers of  
ASPIRA of Florida, Inc.  
Miami, FL

We have audited the special purpose financial statements of the ASPIRA Eugenio Maria De Hostos Charter School (the "School"); a program of ASPIRA of Florida, Inc., as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 29, 2011.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance, and Schedule of Recommendations; which are dated August 29, 2011, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, *Rules of the Auditor General*, which govern the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors reports:

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. Recommendations made in the preceding financial audit report have not been addressed.
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. Recommendations to improve the School's financial management, accounting procedures and internal controls have been included in the Schedule of Recommendations that follows this letter.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control 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 name and title are disclosed in the accompanying special purpose financial statements.

To the Board of Directors and Officers of  
ASPIRA of Florida, 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 School 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 have applied financial condition assessment procedures. It is management's responsibility to monitor the School'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Directors of ASPIRA of Florida, Inc., School's management, 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 those specified parties.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
August 29, 2011

**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(a nonprofit organization)**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**A. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency identified?	No

Type of auditors' report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
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Identification of major programs:

\_\_\_\_\_ Program    CFDA #

Food and Nutrition Program	10.555
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Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 300,000
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Auditee qualified as low risk auditee?	Yes
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**ASPIRA EUGENIO MARIA DE HOSTOS CHARTER SCHOOL**  
**A Program of ASPIRA OF FLORIDA, INC.**  
**(a nonprofit organization)**  
**SCHEDULE OF RECOMMENDATIONS**  
**FISCAL YEAR ENDED JUNE 30, 2011**

**I. CURRENT YEAR FINANCIAL STATEMENT RECOMMENDATIONS**

**OTHER MATTER**

**2011-1 REPORTING- FOOD AND NUTRITION**

We selected 15 participants (5 from each of ASPIRA of Florida's three charter schools) for eligibility testing. We noted that 6 of the 15 files selected for testing did not have a completed "Free and Reduced Price School Meals Family Application". All of the applications did have the required determining official's signature; however, they did not have a confirming official's signature. Of the 15 forms reviewed, 6 did not have the confirming official's signature. The confirming official's signature is not required but it would strengthen internal controls over the application process. We recommend that the Organization strengthen its internal controls over the completion of the "Free and Reduced Price School Meals Family Application" by requiring all schools to have a confirming official sign the application and also include the printout from the ISIS system.

**Managements' Response:**

We will review this recommendation with our confirming officials to ensure it is followed.

**II. CURRENT YEAR FEDERAL AWARDS FINDINGS**

**NONE**

### III. STATUS OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

#### OTHER MATTER

#### 2010-1 FINANCIAL AND PROGRAM COST ACCOUNTING AND REPORTING FOR FLORIDA SCHOOLS ("RED BOOK")

In accordance with Florida Statute 1002.33(9)(g), in order to provide financial information that is comparable to that reported for other public schools, a charter school must maintain all financial records that constitute its accounting system in accordance with the accounts and codes prescribed in the most recent issuance of the publication titled "Financial and Program Cost Accounting and Reporting for Florida Schools" or more commonly known as the "Redbook." However, at the discretion of the charter school governing board, a charter school may elect to follow generally accepted accounting principles for not-for-profit organizations, but must reformat this information for reporting in accordance with the state-required formats for inclusion in the sponsor's financial statements. The uniform chart of accounts provided for in the Redbook prescribes the account structure for fund level reporting.

The Redbook is incorporated by reference in Florida Department of Education Rule 6A1.001, Florida Administrative Code and provides charter schools with a uniform chart of accounts for budgeting and financial reporting purposes. Topics addressed within the Redbook include governmental accounting standards, program cost accounting and reporting, and school internal funds.

Currently the School maintains its accounting using QuickBooks and then manually reformats the information for reporting with the state-required formats. However; we noted that the manual conversions have caused some inconsistencies in classification of accounts. We recommend that the School automate this conversion to the state-required formats.

#### **Current Year Status:**

During 2011, the Organization upgraded its accounting software, which greatly improved the reporting capabilities of the Organization. However, the recommendation to incorporate the use of the Redbook was not implemented. **This recommendation will be repeated.**

#### **Managements' Response:**

The process of converting to the use of the "Red Book" is a two part phase that includes the upgrade of the current software system which is completed and adding the Red Book Chart of Accounts that will be completed during the 2011-12 year.

### IV. STATUS OF PRIOR YEAR FEDERAL AWARD FINDINGS

N/A