

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
(A COMPONENT UNIT OF THE SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2011

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2011

TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS	<u>PAGES</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-7
Government-wide Basic Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Basic Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Change in Fund Balances - Governmental Fund	12-13
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances - Governmental Fund to the Statement of Activities	14
Statement of Revenues and Expenditures - Budget and Actual - General Fund	15
Notes to Basic Financial Statements	16-24
OTHER INDEPENDENT AUDITORS' REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Independent Auditors' Report to the Board of Directors	27-28
Schedule of Findings and Responses	29-30

**BASIC
FINANCIAL STATEMENTS**



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Archimedean Academy
A Department of Archimedean Academy, Inc.
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of Archimedean Academy (the "School") a department of Archimedean Academy, Inc. and a component unit of the Public School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 are intended to present the financial position and changes in 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 Archimedean Academy. They do not purport to, and do not, present fairly the financial position of Archimedean Academy, Inc. as of June 30, 2011, and its changes in financial position or budgetary comparison, where applicable, for the year ended June 30, 2011, 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 respective financial position of the governmental activities, the General Fund, and the aggregate remaining fund information of the School as of June 30, 2011, and the respective changes in financial position and budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Archimedean Academy

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, 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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Fort Lauderdale, Florida
August 30, 2011

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

As management of Archimedean Academy (the "School"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2011.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year's operations.

- The School's total assets exceeded its liabilities as of June 30, 2011 by \$ 148,908 (net assets).
- The School's net assets decreased by \$ 115,102 during the current fiscal year as a result of this year's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide basic financial statements

The government-wide basic financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the School's assets and liabilities, 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 basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Fund basic 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

All of the funds of the School are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental basic 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 fiscal 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 basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School Board adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget and can be found on page 15 of this report.

The governmental fund financial statements can be found on pages 10 through 15 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 16 through 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for nine years; therefore, comparative government-wide data is presented. The School's net assets were \$ 148,908 at June 30, 2011. Of this amount, \$ 345,534 represented a deficit in unrestricted net assets and \$ 494,442 represented amounts invested in capital assets, net of related debt. See "Financial Highlights" on page 3 of this report for an explanation of the reason for the change in net assets.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Our analysis in the table below focuses on the net assets of the School's governmental activities:

Archimedean Academy Net Assets		2011	2010
ASSETS:			
Current assets	\$	433,976	\$ 695,809
Capital assets, net of depreciation		799,340	471,552
Total assets		<u>1,233,316</u>	<u>1,167,361</u>
LIABILITIES:			
Liabilities, excluding long-term liabilities		412,993	510,806
Long-term liabilities		671,415	392,545
Total liabilities		<u>1,084,408</u>	<u>903,351</u>
NET ASSETS:			
Invested in capital assets, net of related debt		494,442	471,552
Unrestricted		(345,534)	(207,542)
Total net assets	\$	<u>148,908</u>	\$ <u>264,010</u>

Governmental activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2011 and 2010:

Archimedean Academy Changes in Net Assets		2011	2010
REVENUES:			
Grants and entitlements	\$	2,677,820	\$ 2,781,277
Program revenues		688,259	672,067
Other revenues		505,279	928,674
Total revenues		<u>3,871,358</u>	<u>4,382,018</u>

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

	2011	2010
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	1,682,147	1,617,177
Instructional support services	1,125,190	1,637,577
Operation of noninstructional services	616,795	627,752
Community services	359,095	412,588
Interest	23,233	5,507
Transfers out	180,000	120,000
	<u>3,986,460</u>	<u>4,420,601</u>
Total functions/program expenses		
Increase (decrease) in net assets	\$ <u><u>(115,102)</u></u>	\$ <u><u>(38,583)</u></u>

GOVERNMENTAL FUNDS EXPENDITURES

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs		2011 Expenditures		2010 Expenditures
Governmental expenditures:				
Instructional expenditures	\$	1,850,953	\$	2,164,576
Administrative services		148,709		170,273
Plant operations and maintenance		694,771		774,796
All other functions/programs		1,688,676		1,128,080
		<u>4,383,109</u>		<u>4,237,725</u>
Total governmental expenditures	\$	<u><u>4,383,109</u></u>	\$	<u><u>4,237,725</u></u>

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

Actual revenues were approximately 2.64% higher than budgeted amounts in all areas as a result of unbudgeted in-kind revenues from professional teaching supplied by the Greek Government. Actual expenses were also approximately 11.64% greater than budgeted amounts principally due to the same reasoning regarding unbudgeted in-kind expenses from professional teaching supplied by the Greek Government as well as unbudgeted capital outlay expenditures.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2011, the School had capital assets of \$ 799,340, net of accumulated depreciation, invested in computer equipment, furniture, equipment and textbooks, improvements, audio visual materials and construction in progress, as compared to \$ 471,552 at June 30, 2010.

Debt

At June 30, 2011, the School had outstanding debt of \$ 746,240 as compared to \$ 405,229 at June 30, 2011. This was a result of new debt issued in the current year.

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 for fiscal year 2011-2012 include:

- Student enrollment is expected to increase in the current fiscal year as the construction is completed adding capacity to the School's facility.

REQUESTS FOR INFORMATION

If you have any questions about this report or need additional information, please write to Mr. Dimitrios Bardoutsos at Archimedean Academy; 12425 SW 72nd Street (Sunset Drive); Miami, Florida 33183.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF NET ASSETS
June 30, 2011

A S S E T S

	<u>Governmental Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 19,475
Due from other governments	106,616
Accounts receivable, net	284,521
Prepaid expenses	13,793
Deposits	<u>9,571</u>
Total current assets	433,976
NONCURRENT ASSETS:	
Capital assets, net of accumulated depreciation	<u>799,340</u>
Total assets	<u>1,233,316</u>
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	20,633
Accrued expenses	186,920
Accrued interest payable	1,321
Notes payable	74,825
Due to other schools	<u>129,294</u>
Total current liabilities	<u>412,993</u>
NONCURRENT LIABILITIES:	
Notes payable	<u>671,415</u>
Total noncurrent liabilities	<u>671,415</u>
Total liabilities	<u>1,084,408</u>
CONTINGENCIES (Note 6)	-
NET ASSETS:	
Invested in capital assets, net of related debt	494,442
Unrestricted (deficit)	<u>(345,534)</u>
Total net assets	\$ <u><u>148,908</u></u>

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

		Program Revenues			Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Assets	
FUNCTIONS/PROGRAMS:					
Instruction:					
Regular instruction	\$ 1,682,147	\$ -	\$ -	\$ -	\$ (1,682,147)
Instructional support services:					
Pupil personnel services	9,745	-	-	-	(9,745)
Instructional and curriculum services	215,591	-	-	-	(215,591)
Instructional staff training services	14,394	-	-	-	(14,394)
Administrative services	154,390	-	-	-	(154,390)
Operation of plant	547,908	-	-	208,061	(339,847)
Maintenance of plant	183,162	-	-	-	(183,162)
Operation of non-instructional services:					
General administration	170,085	-	-	-	(170,085)
Board services	14,397	-	-	-	(14,397)
Fiscal services	93,582	-	-	-	(93,582)
Central services	34,817	-	-	-	(34,817)
Community services	359,095	338,125	-	-	(20,970)
Food services	303,914	142,073	-	-	(161,841)
Due to other agency	23,233	-	-	-	(23,233)
Total governmental activities	<u>\$ 3,806,460</u>	<u>\$ 480,198</u>	<u>\$ -</u>	<u>\$ 208,061</u>	<u>(3,118,201)</u>
General revenues:					
					2,677,820
					505,279
					(180,000)
					<u>3,003,099</u>
					(115,102)
					<u>264,010</u>
					<u>\$ 148,908</u>

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUND
 June 30, 2011

A S S E T S

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 19,475
Due from other governments	106,616
Accounts receivable, net	284,521
Prepaid expenditures	13,793
Deposits	<u>9,571</u>
Total assets	<u>\$ 433,976</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:	
Accounts payable	\$ 20,633
Accrued expenses	186,920
Due to other schools	<u>129,294</u>
Total liabilities	<u>336,847</u>
 FUND BALANCE:	
Nonspendable for prepaid expenditures and deposits	23,364
Unassigned	<u>73,765</u>
Total fund balance	<u>97,129</u>
Total liabilities and fund balance	<u>\$ 433,976</u>

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
 June 30, 2011

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

Total fund balance - governmental fund, page 10	\$	97,129
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The cost of capital assets acquired is reported as an expenditures in the governmental funds. The statement of net assets includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$	1,323,258	
Accumulated depreciation		<u>(523,918)</u>	799,340

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

Note payable		(746,240)	
Accrued interest payable		<u>(1,321)</u>	<u>(747,561)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$	<u>148,908</u>
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The accompanying notes to financial statements are an integral part of these statements.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2011

	General Fund
REVENUES:	
State sources	\$ 2,885,881
Local sources	985,477
	3,871,358
Total revenues	
EXPENDITURES:	
Current:	
Regular instruction	1,611,223
Instructional services:	
Pupil personnel services	9,745
Instruction and curriculum services	215,591
Instruction staff training services	14,394
Administrative services	148,709
Operation of plant	547,908
Maintenance of plant	146,863
Operation of noninstructional services:	
General administration	164,404
Board services	14,397
Fiscal services	93,582
Central services	34,817
Community services	359,095
Food services	303,914
Principal and interest	92,092
Capital outlay	446,375
	4,203,109
Total expenditures	
Net change in fund balance before other sources (uses)	(331,751)

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011
 (continued)

	General Fund
OTHER SOURCES (USES):	
Proceeds from debt	390,049
Transfer out	(180,000)
Total other sources (uses)	210,049
Net change in fund balance	(121,702)
FUND BALANCE, July 1, 2010	218,831
FUND BALANCE, June 30, 2011	\$ 97,129

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

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

Net change in fund balance, total governmental fund, page 13	\$	(121,702)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
The cost of property and equipment purchased	\$	446,375
Less current year depreciation expense		<u>(118,585)</u>
		327,790
<p>Issuance of debt is reported as revenue in the governmental funds, but the issuance is reported as a long-term liability in the statement of net assets</p>		
Issuance of debt		(390,049)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets</p>		
Repayment of debt principal		49,038
<p>Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds</p>		
Change in accrued interest payable		<u>19,821</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$	<u><u>(115,102)</u></u>

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2011

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
State sources	\$ 2,899,726	\$ 2,885,881	\$ (13,845)
Local sources	825,547	985,477	159,930
	<u>3,725,273</u>	<u>3,871,358</u>	<u>146,085</u>
EXPENDITURES:			
Current:			
Regular instruction	1,649,606	1,611,223	38,383
Instructional services:			
Pupil personnel services	6,454	9,745	(3,291)
Instruction and curriculum services	27,314	215,591	(188,277)
Instructional staff training services	30,884	14,394	16,490
Administrative services	173,537	148,709	24,828
Operation of plant	712,099	547,908	164,191
Maintenance of plant	126,372	146,863	(20,491)
Operation of noninstructional services:			
General administration	802,844	164,404	638,440
Board services	14,633	14,397	236
Fiscal services	142,301	93,582	48,719
Central services	31,441	34,817	(3,376)
Community services	-	359,095	(359,095)
Food services	-	303,914	(303,914)
Principals and interest	4,759	92,092	(87,333)
Capital outlay	-	446,375	(446,375)
	<u>3,722,244</u>	<u>4,203,109</u>	<u>(480,865)</u>
Net change in fund balance before other sources (uses)	3,029	(331,751)	(334,780)
OTHER SOURCES (USES):			
Proceeds from debt	-	390,049	390,049
Transfer out	-	(180,000)	(180,000)
	<u>3,029</u>	<u>(121,702)</u>	<u>(124,731)</u>
Net change in fund balance	\$ <u>3,029</u>	\$ <u>(121,702)</u>	\$ <u>(124,731)</u>

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

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND OPERATIONS

Archimedean Academy (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is established as a charter school for children from kindergarten through fifth grade. As of June 30, 2011, approximately 407 students were enrolled in the School. The School is funded primarily through the School Board of Miami-Dade County, Florida.

In April 2005, the Archimedean Academy, Inc. was granted an additional charter from the School Board of Miami-Dade County, Florida to operate a public middle school within the school district. This school, Archimedean Middle Conservatory (the "Middle"), has separate financial statements and is not part of the School's basic financial statements.

In March 2008, the Archimedean Academy, Inc. was granted an additional charter from the School Board of Miami-Dade County, Florida to operate a public high school within the school district. This school, Archimedean Upper Conservatory (the "Upper"), has separate financial statements and is not part of the School's basic financial statements.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Archimedean Academy, Inc. as of June 30, 2011 and its change in financial position or budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2012, and may be renewed for an additional fifteen years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board 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 Board may also terminate the charter if good cause is shown. Archimedean Academy is considered a component unit of the School Board of Miami-Dade County, Florida.

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 basic 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 basic financial statements.

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting guide - Not-for-Profit Organizations and provisions of Florida Statutes the School is presented as a governmental organization for financial statement reporting purposes.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide basic financial statements:

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund basic financial statements (reporting the School's individual funds). Both the government-wide and fund basic 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.

Fund basic financial statements:

The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Major individual governmental funds; namely, the general, special revenue funds, and capital projects are reported as separate columns in the fund financial statements. The School reports the following fund types:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund. During the current year, the operations of the Special Revenue Fund were moved to the General Fund as none of the revenues were restricted.

Measurement focus and basis of accounting:

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

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

The governmental fund basic financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary basis accounting:

An operating budget is adopted for the General Fund and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the overall expenditures level. The School exceeded their overall budget by approximately \$ 433,200 which was offset by additional revenues generated during the year and proceeds from debt.

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Due from other governments:

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

Allowance for doubtful accounts:

Management of the School reviews and provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. At June 30, 2011, management's estimate is based on historical collection experience and a review of the current status of accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts of \$ 52,443 at June 30, 2011.

Prepaid expenses/expenditures:

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

Donated goods and services:

The School receives donated teaching services from the Greek government, as well as donated goods, which are Greek textbooks. These donated services are recorded as contributions and a corresponding expense account at their estimated fair value, while the donated goods are recorded as contributions and their estimated fair value is capitalized. For the year ended June 30, 2011, the School has received \$ 203,137 in donated teachers' salaries.

Net assets:

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

- Invested in capital assets, net 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.
- Unrestricted - indicates that portion of net assets that can be used for future operations.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance:

The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable – amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.
- Restricted – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.
- Committed – amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision making authority (i.e., the School Board) through Resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest level action (i.e., Resolution) to remove or change the constraint.
- Assigned – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Executive Committee or by an official or body which the School Board delegated the authority at their direction.
- Unassigned – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund.

The details of the fund balances are included in the Governmental Balance Sheet on Page 10.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School Board or its delegated official or body has provided otherwise in its commitment or assignment actions.

Capital assets:

Property and equipment 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 \$ 500 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the estimated useful lives as follows:

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture, equipment, and textbooks	5 - 10 years
Improvements	10 years
Computer equipment	5 years
Audiovisual materials	5 years

Revenue sources:

Revenues for operations are received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. Funding for the School's student population is adjusted during the year to reflect the revised calculations by the Florida Department of Education under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

Income taxes:

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

Use of estimates:

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

NOTE 3 - DEPOSITS

At June 30, 2011, the carrying amount of the School's deposits totaled \$ 19,475. The bank balance at a local depository totaled \$ 20,074, which is insured by the FDIC.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2011.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments is comprised of amounts due from the Miami-Dade School Board and other as follows:

Capital outlay	\$	50,803
School recognition award		32,100
MAP receivables		18,316
National school lunch program		<u>5,397</u>
	\$	<u><u>106,616</u></u>

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 are as follows:

	Balance at July 1, 2010	Additions	Retirements & Reclassifications	Balance at June 30, 2011
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 413,003	\$ -	\$ 413,003
Total capital assets, not being depreciated	<u>-</u>	<u>413,003</u>	<u>-</u>	<u>413,003</u>
Capital assets, being depreciated:				
Furniture, equipment and textbooks	420,287	8,547	15,037	443,871
Improvements	347,762	16,177	-	363,939
Computer equipment	71,539	8,648	(14,379)	65,808
Audiovisual materials	<u>37,295</u>	<u>-</u>	<u>(658)</u>	<u>36,637</u>
Total capital assets, being depreciated	<u>876,883</u>	<u>33,372</u>	<u>-</u>	<u>910,255</u>
Accumulated depreciation:				
Furniture, equipment and textbooks	(191,885)	(61,197)	(42,195)	(295,277)
Improvements	(122,734)	(36,299)	-	(159,033)
Computer equipment	(56,901)	(13,762)	32,197	(38,466)
Audiovisual materials	<u>(33,813)</u>	<u>(7,327)</u>	<u>9,998</u>	<u>(31,142)</u>
Total accumulated depreciation	<u>(405,333)</u>	<u>(118,585)</u>	<u>-</u>	<u>(523,918)</u>
Total capital assets, being depreciated, net	<u>471,550</u>	<u>(85,213)</u>	<u>-</u>	<u>386,337</u>
Net capital assets	\$ <u><u>471,550</u></u>	\$ <u><u>327,790</u></u>	\$ <u><u>-</u></u>	\$ <u><u>799,340</u></u>

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - CAPITAL ASSETS (continued)

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$	70,924
Instructional support services - maintenance of plant		36,299
Operation of noninstructional services - general administration		5,681
Instructional support services - administrative services		<u>5,681</u>
Total	\$	<u><u>118,585</u></u>

NOTE 6 - CONTINGENCIES

Grants and awards:

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

Donated goods and services:

The School receives a significant in-kind contribution in the form of teachers and textbooks from the Greek government. These contributions are relied upon by the School to help maintain their operational effectiveness. A reduction in donated goods and services could have a significant impact on the operations of the School.

Post retirement benefits:

The School does not provide post-retirement benefits to retired employees.

NOTE 7 - DUE TO/FROM OTHER SCHOOLS

As mentioned in Note 1 to the financial statements, the School is a department of Archimedean Academy, Inc. (the "Corporation") and is affiliated with the Middle and the Upper, other departments of the Corporation. The three schools share various costs inherent with operating out of the same facility. In addition, the schools may also advance monies on an interim basis to one another. As a result of these transactions, there remains a net receivable from the Middle of \$ 70,436 and a net payable to the Upper of \$ 199,730 as of June 30, 2011.

NOTE 8 - NOTES PAYABLE

The School had an ongoing dispute with the former management company. During the current year, there was an agreement made on the balance owed to the management company. The agreement was for the payment of \$ 373,936, with monthly interest-only payments of \$ 935 through July, 2013, at which time monthly principal and interest payments of \$ 8,277 are due through July, 2017. Interest on the note accrues as 3.00% annually. The note is unsecured and matures on July 1, 2017.

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 8 – NOTES PAYABLE (continued)

During the current year, the School came to an agreement on a note that was previously due to other organizations for \$ 341,251. The note has monthly payments of \$ 3,327 through June 1, 2019. This note is unsecured and interest on this note accrues as 1.1% and has a balance of \$ 304,898 at June 30, 2011.

During the prior year, the School obtained two unsecured note payables in the amount of \$ 10,000 and \$ 49,500. Interest on these notes accrues at 3.00% compounded monthly. The notes calls for monthly payments of \$ 291 and \$ 889, respectively, and matures January 1, 2013 and February 1, 2015, respectively. The balances on these notes are \$ 5,390 and \$ 37,016 at June 30, 2011.

During the current year, the School obtained a short term, unsecured note payable from a related party for \$ 25,000. The note is interest free and matures on August 15, 2011.

The activity for notes payable as of June 30, 2011 is as follows:

Note payable:	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Amount Due Within One Year
Academica Corporation	\$ 350,138	\$ 23,798	\$ -	\$ 373,936	\$ -
Archimedean Properties LLC	-	341,251	(36,353)	304,898	36,754
Intermarca Corporation	46,427	-	(9,411)	37,016	9,697
Short term note	-	25,000	-	25,000	25,000
Marathon Properties of Miami, Inc.	8,664	-	(3,274)	5,390	3,374
	<u>\$ 405,229</u>	<u>\$ 390,049</u>	<u>\$ (49,038)</u>	<u>\$ 746,240</u>	<u>\$ 74,825</u>

NOTE 9 - LEASES

The School leases its campus from Archimedean Properties, LLC which is to expire in June 2015. The School shares its facilities with the Middle and Upper and lease payments are allocated 52% to the School, 29% to the Middle, and 19% to the Upper (Notes 1 and 7). Monthly lease payments for the School are approximately \$ 32,200. The School is also responsible to pay the owners' taxes and insurance costs.

In addition, the School leases office equipment payable at approximately \$ 1,550 per month through August 2015.

Total rent expense for the year ended June 30, 2011 was approximately \$ 385,800. Future minimum payments required under the operating leases are approximately as follows:

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 9 - LEASES (continued)

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>School Premises Leases</u>
2012	\$ 18,600	\$ 385,800
2013	\$ 18,600	\$ 385,800
2014	\$ 18,600	\$ 385,800
2015	\$ 18,600	\$ 385,800
2016	\$ 3,100	\$ NONE

NOTE 10 - RISK FINANCING

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.

**OTHER INDEPENDENT
AUDITORS' REPORTS**



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
Archimedean Academy
A Department of Archimedean Academy, Inc.
Miami, Florida

We have audited the basic financial statements of governmental activities and the General Fund of Archimedean Academy (the "School"), a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprises the School's basic financial statements and have issued our report thereon dated August 30, 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 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 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.

Archimedean Academy

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 noted certain matters which we reported to School management in the Schedule of Findings on pages 29 and 30.

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 School Board of Miami-Dade County, 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 30, 2011



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Archimedean Academy
A Department of Archimedean Academy, Inc.
Miami, Florida

We have audited the basic financial statements of governmental activities and the General Fund of Archimedean Academy (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 30, 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters and Schedule of Findings and Responses. Disclosures in those reports and schedule, which are dated August 30, 2011, 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. The status of the school's corrective actions has been noted in the accompanying schedule of findings and recommendations.
2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations as noted in the accompanying schedule of findings and recommendations.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have 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.

Archimedean Academy

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 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 official title of the school is Archimedean Academy.
6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Archimedean Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
7. Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Archimedean Academy'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 a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the 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.

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

Fort Lauderdale, Florida
August 30, 2011

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
 June 30, 2011

PRIOR YEAR FINDINGS AND RESPONSES

	STILL APPLICABLE	IMPLEMENTED OR NO LONGER RELEVANT
2008-1 Monitor accounts receivable and review the collection policy	X	
2008-1 Monitor Accounts Receivable and Review the Collection Policy		

In past years, the amount of the accounts receivable in the 90 day and over category has increased. Management should continue to monitor the accounts receivable on a timely basis. In addition, we recommend that the School review its credit and collection policy to determine whether additional steps could be made to aid in collection of accounts. We believe that once a receivable is over 90 days old, it becomes increasingly difficult to collect. Uncollected accounts result in a direct decrease in the School's financial position.

Management's response:

The balance of the accounts receivable is related to the Lunch and After Care Services provided to the students of our schools.

Our policy is that the amounts related to these services should be prepaid by our students. However, being aware of the recent general socioeconomic conditions in South Florida and knowing that our students are permanent customers of our Lunch and After Care Programs, we have decided to facilitate the payments for those who are in a temporary difficult financial position.

In addition, every year there is a balance transferred to the next year. Our last month statements are sent to the families at the end of the school year, and there is not enough time to collect because our students return to the school in August of the next fiscal year. At this time, we usually collect most of the due balances.

We have realized that the amount of the accounts receivable has increased over the past year and we have taken specific measures in order to improve our collection procedures in the current fiscal year and monitor the accounts receivable on a timely basis. Some of the considerations to enhance collection efforts are as follows:

- Integration of an email alert to parents for past due balances
- Using a collection agency to collect past due balances
- Implementation of policies that apply payments to old balances
- Closer monitoring of the sales of meals in order to reduce purchase of supplies

ARCHIMEDEAN ACADEMY
A DEPARTMENT OF ARCHIMEDEAN ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2011

PRIOR YEAR FINDINGS AND RESPONSES (continued)

2008-1 Monitor Accounts Receivable and Review the Collection Policy (continued)

Some of the steps we have taken are as follows:

1. We now receive payments by credit card (Master Card and Visa).
2. We have contacted parents who have a large balance and cannot pay their dues in full and asked for signed contractual agreements in order for them to pay installment in an agreed-upon time frame.
3. We have drafted a lunch and breakfast agreement contract where parents have to sign in their children to our lunch and breakfast programs assuming responsibility for payments.
4. We have set alerts into our lunch program electronic data base system and send emails to the parents that have not signed a "lunch and breakfast agreement" for, informing them that their child has been provided with a meal and they will be charged for this service.
5. We now send out statements on a monthly basis as opposed to three statements a year that we used in the past.
6. We have assigned specific employees to call parents that they have unpaid balances before 90-day period of time.
7. We have assigned our bookkeeper to regularly review the individual balances owed for the lunch program services and the after school director for after school care services on a regular basis and monitor the procedures of collection.

We are sure that these measures will improve our collection procedures and will reduce the amounts of accounts receivable in a timely manner.

CURRENT YEAR FINDINGS AND RESPONSES:

NONE