

**BALERE LANGUAGE ACADEMY**  
**(a division of Balere, Inc.)**

A Charter School and Component Unit of the  
District School Board of Miami-Dade County, Florida

INDEPENDENT AUDITOR'S REPORT

*for the fiscal year ended JUNE 30, 2011*

**King & Walker, CPAs, PL**

---

*Certified Public Accountants*

**THIS PAGE IS INTENTIONALLY BLANK.**

**BALERE LANGUAGE ACADEMY**  
(a division of Balere, Inc.)

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>FINANCIAL SECTION</b>	
<b>Independent Auditor’s Report on Basic Financial Statements and Required Supplementary Information</b>	1
<b>Management’s Discussion and Analysis – (Unaudited)</b>	3
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund - (Unaudited)	24
<b>COMPLIANCE AND INTERNAL CONTROL</b>	
<b>Independent Auditor’s 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>Governmental Auditing Standards</i></b>	25
<b>Management Letter</b> as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits.</i>	27
<b>Management’s Response to Audit Findings</b>	29

# KING & WALKER, CPAs, PL

*Certified Public Accountants*

David M. King, CPA  
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road  
Lutz, FL 33548  
office (813) 610-0659 fax (813) 949-9376

---

## **Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information**

To the Board of Directors Balere Language Academy, (a division of Balere, Inc.)  
a Charter School and Component Unit of the  
District School Board of Miami-Dade County, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Balere Language Academy, (a division of Balere, Inc.) ("School"), a charter school and component unit of the District 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 as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School as of June 30, 2011, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2011, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts and grants, and other matters included under the heading ***Independent Auditor's 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***. 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.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Respectfully submitted,

*King & Walker, CPAs*

August 18, 2011  
Lutz, Florida

# **BALERE LANGUAGE ACADEMY**

(a division of Balere, Inc.)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Balere Language Academy (a division of Balere, Inc.) ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2011.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 23.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2011, the School's revenues exceeded expenses as shown on the School's statement of activities by \$108,213.
- The School's Total Net Asset balance at June 30, 2011 was \$22,092.
- The School's governmental funds reported a total fund balance of \$150,617, an increase of \$248,054 from the prior fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

#### **Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets and the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

## **Fund Financial Statements**

Fund financial statements are one of the components of the 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates a General Fund to account for its general operations, school food service and internal accounts. For reporting purposes the General Fund is a major fund.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

## **Notes to 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets for the fiscal years ended June 30, 2010, and June 30, 2011:

	Net Assets, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-10	6-30-11	
<b>ASSETS</b>			
Current and Other Assets	\$ 72,384	\$ 180,337	\$ 107,953
Capital Assets, net	159,120	8,279	(150,841)
Total Assets	<u>231,504</u>	<u>188,616</u>	<u>(42,888)</u>
<b>LIABILITIES</b>			
Current Liabilities	169,821	29,720	\$ (140,101)
Long-Term Liabilities	147,804	136,804	(11,000)
Total Liabilities	<u>317,625</u>	<u>166,524</u>	<u>(151,101)</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	159,120	8,279	(150,841)
Unrestricted	(245,241)	13,813	259,054
Total Net Assets	<u>(86,121)</u>	<u>22,092</u>	<u>108,213</u>
Total Liabilities and Net Assets	<u>\$ 231,504</u>	<u>\$ 188,616</u>	<u>\$ (42,888)</u>

Current and other assets increased due to an increase in cash and due from other agencies at year-end due to revenues exceeding expenditures in the current fiscal year. Capital assets, net, decreased due to the disposal of capital assets. Long Term Liabilities decreased as a result of planned long term debt repayments.



The key elements of the changes in the School's net assets for the fiscal years ended June 30, 2010, and June 30, 2011, are as follows:

	<b>Operating Results for the Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-10</u>	<u>6-30-11</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Federal Sources	\$ 57,013	\$ 178,573	\$ 121,560
State and Local Sources	1,913,875	1,780,180	(133,695)
Grants, Contributions and Other	38,497	63,334	24,837
<b>Total Revenues</b>	<u>2,009,385</u>	<u>2,022,087</u>	<u>12,702</u>
<b>Expenses:</b>			
Instruction	951,544	773,808	(177,736)
Pupil Personnel Services	-	1,413	1,413
Instr. & Curriculum Development	-	4,905	4,905
Instructional Staff Training	2,742	1,015	(1,727)
Board of Education	133,442	114,062	(19,380)
School Administration	233,997	315,292	81,295
Facilities Acq. & Construction	367,943	333,920	(34,023)
Fiscal Services	78,773	50,628	(28,145)
Food Services	35,403	54,409	19,006
Pupil Transportation	36,015	29,316	(6,699)
Operation of Plant	106,036	101,888	(4,148)
Maintenance of Plant	27,506	18,337	(9,169)
Community Services	22,798	-	(22,798)
Interest on Long-Term Debt	8,807	-	(8,807)
Disposal of Capital Assets	12,818	110,000	97,182
Unallocated Depreciation	4,995	4,881	(114)
<b>Total Expenses</b>	<u>2,022,819</u>	<u>1,913,874</u>	<u>(108,945)</u>
<b>Increase/(Decrease) in Net Assets</b>	<u>\$ (13,434)</u>	<u>\$ 108,213</u>	<u>\$ 121,647</u>

The largest revenue source for the School is the State of Florida (79 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

Expenses decreased in Instruction primarily due to a change in instructional staffing levels and monitoring of expenses. The Facilities Acquisition & Construction expenses remained a significant amount of the School's expenses from the previous facilities lease. A new facilities lease should reduce this expense area in the 2012 fiscal year.

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

### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$150,617.

### **BUDGETARY HIGHLIGHTS**

The general fund budget for the fiscal year ended June 30, 2011, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School revised its general fund budget several times. Refer to the Budgetary Comparison Schedule on page 24 for additional information.

### **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$8,279 (net of accumulated depreciation). This investment in capital assets includes land, and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in note 3 to the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Balere Language Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Financial Services, Inc., P.O. Box 250, Bonifay, FL 32425.

**BALERE LANGUAGE ACADEMY**  
(a division of Balere, Inc.)  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**STATEMENT OF NET ASSETS**  
*June 30, 2011*

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash & Cash Equivalents	\$ 46,163
Due From Other Agencies	127,624
Deposits	6,550
Total Current Assets	180,337
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	8,279
Total Capital Assets, Net	8,279
<b>TOTAL ASSETS</b>	<b>\$ 188,616</b>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts Payable	\$ 29,720
Long-Term Liabilities:	
Due within one year:	
Promissory Notes Payable	67,804
Due after one year:	
Promissory Notes Payable	69,000
<b>TOTAL LIABILITIES</b>	<b>166,524</b>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, Net of Related Debt	8,279
Unrestricted	13,813
Total Net Assets	22,092
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 188,616</b>

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

**BALERE LANGUAGE ACADEMY**  
(a division of Balere, Inc.)  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2011*

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 773,808	\$ -	\$ 178,573	\$ -	\$ (595,235)	\$ (595,235)
Pupil Personnel Services	1,413				(1,413)	(1,413)
Instruction & Curriculum Development	4,905				(4,905)	(4,905)
Instructional Staff Training	1,015				(1,015)	(1,015)
Board of Education	114,062				(114,062)	(114,062)
School Administration	315,292				(315,292)	(315,292)
Facilities Acquisition & Construction	333,920			6,990	(326,930)	(326,930)
Fiscal Services	50,628				(50,628)	(50,628)
Food Services	54,409				(54,409)	(54,409)
Pupil Transportation	29,316				(29,316)	(29,316)
Operation of Plant	101,888				(101,888)	(101,888)
Maintenance of Plant	18,337				(18,337)	(18,337)
Loss on Disposal of Capital Assets	110,000				(110,000)	(110,000)
Unallocated Depreciation	4,881				(4,881)	(4,881)
<b>Total Governmental Activities</b>	<b>\$ 1,913,874</b>	<b>\$ -</b>	<b>\$ 178,573</b>	<b>\$ 6,990</b>	<b>(1,728,311)</b>	<b>(1,728,311)</b>
General Revenues:						
State and Local Sources					1,773,190	1,773,190
Contributions and Other					63,334	63,334
					1,836,524	1,836,524
Change in Net Assets					108,213	108,213
Net Assets - July 1, 2010					(86,121)	(86,121)
Net Assets - June 30, 2011					\$ 22,092	\$ 22,092

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

**BALERE LANGUAGE ACADEMY**  
(a division of Balere, Inc.)  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

***BALANCE SHEET - GOVERNMENTAL FUNDS***  
***June 30, 2011***

	General Fund
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 46,163
Due From Other Agencies	127,624
Deposits	6,550
Total Assets	\$ 180,337
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts Payable	\$ 29,720
Total Liabilities	29,720
Fund Balances:	
Nonspendable	6,550
Spendable - Unassigned	144,067
Total Fund Balances	150,617
Total Liabilities and Fund Balance	\$ 180,337

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

**BALERE LANGUAGE ACADEMY**  
**(a division of Balere, Inc.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**

*June 30, 2011*

<b>Total Fund Balances - Governmental Funds</b>	\$	150,617
---	----	---------

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

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Long-term liabilities at year-end consist of:

Promissory Notes Payable	(136,804)
--------------------------	-----------

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

<u>8,279</u>
--------------

<b>Total Net Assets - Governmental Activities</b>	\$	<u><u>22,092</u></u>
---	----	----------------------

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

**BALERE LANGUAGE ACADEMY**  
**(a division of Balere, Inc.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2011*

	<u>General Fund</u>
<b>Revenues</b>	
Intergovernmental:	
Federal Through Local	\$ 178,573
State and Local	1,780,180
Contributions and Other	<u>213,334</u>
Total Revenues	<u>2,172,087</u>
<b>Expenditures</b>	
Current - Education:	
Instruction	\$ 784,809
Pupil Personnel Services	1,413
Instruction & Curriculum Development	4,905
Instructional Staff Training	1,015
Board of Education	114,062
School Administration	315,292
Facilities Acquisition & Construction	303,919
Fiscal Services	50,628
Food Services	54,409
Pupil Transportation	29,316
Operation of Plant	101,888
Maintenance of Plant	18,337
Fixed Capital Outlay:	
Facilities Acquisition & Construction	4,040
Debt Service:	
Principal	<u>140,000</u>
Total Expenditures	<u>1,924,033</u>
Net Change in Fund Balances	248,054
Fund Balances, July 1, 2010	<u>(97,437)</u>
Fund Balances, June 30, 2011	<u><u>\$ 150,617</u></u>

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

**BALERE LANGUAGE ACADEMY**  
**(a division of Balere, Inc.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2011*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	248,054
---	----	---------

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$4,881) in excess of capital outlay expense (\$4,040) in the current period.		(841)
---	--	-------

Net proceeds related to the transfer of capital assets provides current financial resources through contributions to the governmental funds, but the transfer of capital assets decreases assets in the statement of net assets.		(40,000)
--	--	----------

Net proceeds from notes payable provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds in the current period		(99,000)
---	--	----------

<b>Change in Net Assets - Governmental Activities</b>	\$	<u><u>108,213</u></u>
---	----	-----------------------

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



# BALERE LANGUAGE ACADEMY

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ➤ Reporting Entity

Balere, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes in June 1999. Balere, Inc. entered into an agreement with the District School Board of Miami-Dade County, Florida to operate a charter school beginning for 2004-05 school year under the registered name Balere Language Academy. The reporting entity consists of the Balere Language Academy (School). The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida, ("District"). The current charter has been renewed and is effective until June 30, 2014, is subject to annual review, and may be renewed by mutual agreement between the School and the District. At the end of the charter term, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

#### ➤ Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net assets and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between

# **BALERE LANGUAGE ACADEMY**

(a division of Balere, Inc.)

**A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011**

direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

### ➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal

# BALERE LANGUAGE ACADEMY

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

### ➤ **Budgets and Budgetary Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

### ➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and certificates of deposit with financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

### ➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Leasehold Improvements	10 - 20 years
Furniture, Fixtures and Equipment	5 - 10 years

Current-year information relative to changes in capital assets is described in a subsequent note.

# **BALERE LANGUAGE ACADEMY**

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011**

### ➤ **Fund Balance**

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of non-spendable and spendable resources. The School has prepaid expenses of \$6,550 classified as non-spendable. Spendable resources are to be shown as Restricted, Committed, Assigned, and Unassigned as considered appropriate in the School's circumstances. The School has reported its remaining fund balance of \$104,067 as Spendable-Unassigned on its Balance Sheet – Governmental Funds.

### ➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2011, the School reported 271.60 unweighted FTE and 293.91 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

# **BALERE LANGUAGE ACADEMY**

(a division of Balere, Inc.)

**A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011**

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net assets and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

## **2. DUE FROM OTHER AGENCIES**

The amounts due from other agencies on the School's Statement of Net Assets and Balance Sheet – Governmental Funds represents charter school capital outlay program eligible and other approved grant expenditures awaiting reimbursement by Florida DOE through the Miami-Dade County School District, and an amount due from Balere Inc. The amounts due are considered fully collectible and therefore, no allowance for uncollectible accounts has been established.

# BALERE LANGUAGE ACADEMY

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### 3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	150,000	\$ -	\$ 150,000	\$ -
Total Capital Assets Not Being Depreciated	150,000	-	150,000	-
Capital Assets Being Depreciated:				
Leashold Improvements	-	4,040		4,040
Furniture, Fixtures and Equipment	37,356	-	-	37,356
Total Capital Assets Being Depreciated	37,356	4,040	-	41,396
Less Accumulated Depreciation for:				
Leasehold Improvements	-	(67)		(67)
Furniture, Fixtures and Equipment	(28,236)	(4,814)	-	(33,050)
Total Accumulated Depreciation	(28,236)	(4,881)	-	(33,117)
Total Capital Assets Being Depreciated, Net	9,120	(841)	-	8,279
Governmental Activities Capital Assets, Net	\$ 159,120	\$ (841)	\$ 150,000	\$ 8,279

Unallocated depreciation expense for the 2010-11 fiscal year was \$4,881.

### 4. LOANS AND TRANSACTIONS WITH RELATED PARTIES

Effective July 1, 2009, the School's parent company, Balere, Inc., assumed ownership responsibility for the school facility including the assumption of the related mortgage debt related to the building. Subsequently, the School entered into a facility lease agreement with Balere, Inc., to lease the school facility for educational purposes. The terms of the facility lease agreement are summarized in Note 7 to the financial statements.

# BALERE LANGUAGE ACADEMY

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### 5. PROMISSORY NOTES PAYABLE

Promissory notes payable consist of the following:

	<u>Balance at 6-30-11</u>
<u>Promissory Note Payable - School Financial Services, Inc.</u> \$19,209 Borrowed 6-30-09, to cover costs associated with the professional service contract fees for the fiscal year ended June 30, 2009. Interest free note. Payments are to be made in 18 equal monthly installments of \$1,067.17, beginning July 1, 2011.	\$ 9,605
<u>Promissory Note Payable - School Financial Services, Inc.</u> \$20,000 Borrowed 7-03-08, to provide cash flow for operating purposes. Interest Rate of 10%. Payments are to be made in 18 equal monthly installments of \$1,315.95, beginning July 1, 2011.	10,448
<u>Promissory Note Payable - School Financial Services, Inc.</u> \$35,000 Borrowed 8-28-08, to provide cash flow for operating purposes. Interest Rate of 10%. Payments are to be made in 18 equal monthly installments of \$2,265.01, beginning July 1, 2011.	17,751
<u>Judgment Promissory Note Payable - St. Faith's Episcopal Church</u> \$129,000 Borrowed 7-1-10, to pay prior building lease costs based on final judgment. Interest free note if principal payments remain current. 3 monthly installments of \$4,000 & 9 monthly installments of \$2,000.	<u>99,000</u>
Total Promissory Notes Payable	<u><u>\$ 136,804</u></u>

Future amounts payable for promissory notes payable are as follows:

Fiscal Year Ending June 30	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 68,872	\$ 67,804	\$ 1,068
2013	30,000	30,000	-
2014	30,000	30,000	-
2015	9,000	9,000	-
Total	<u><u>\$ 137,872</u></u>	<u><u>\$ 136,804</u></u>	<u><u>\$ 1,068</u></u>

**BALERE LANGUAGE ACADEMY**

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011**

**6. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Promissory Notes Payable	\$ 147,804		\$ (110,000)	\$ 37,804	\$ 37,804
Judgment Promissory Note	-	129,000	(30,000)	99,000	30,000
Total Governmental Activities	<u>\$ 147,804</u>	<u>\$ 129,000</u>	<u>\$ (140,000)</u>	<u>\$ 136,804</u>	<u>\$ 67,804</u>

**7. FACILITY LEASE**

The School entered into a 3 year non-cancelable lease for its educational facility beginning March 1, 2011, through February 28, 2014, with Balere, Inc.. The School shall have the right to renew this lease for one (1) additional term of 5 (five) years, on like terms and conditions, by delivering a written notice of intention to renew the lease to the Lessor no later than 90 days from the end of the term. The lease requires monthly payments of \$8,000 per month commencing April 1, 2011. In accordance with the agreement, the School is required to maintain the premises at its own expense. Rental expenditures under this lease agreement for the 2010-11 fiscal year amounted to \$303,920. The following is a schedule by years of future minimum rental payments required under facility lease that has remaining non-cancelable lease terms in excess of one year:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2012	\$ 96,000
2013	96,000
2014	96,000
Total Minimum Payments Required	<u>\$ 288,000</u>



# BALERE LANGUAGE ACADEMY

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### 8. SCHEDULE OF FEDERAL, STATE, & LOCAL REVENUE SOURCES

The School's Federal, State, and local revenue for the 2010-11 fiscal year is as follows:

<u>Source</u>	<u>Amount</u>
<i>FEDERAL:</i>	
Through the Miami-Dade School District:	
Education Jobs Act	\$ 64,398
Title I Grant Program	114,175
Total Federal Revenue	<u>\$ 178,573</u>
 <i>STATE:</i>	
Florida Education Finance Program	\$ 1,071,714
Categorical Educational Programs:	
Class Size Reduction	348,514
State Fiscal Stabilization Allocation	90,955
Supplementary Academic Instruction	92,478
Instructional Materials	21,326
Safe Schools	7,896
Reading Instruction	9,954
ESE Guaranteed Allocation	5,978
Charter School Capital Outlay	6,990
Discretionary Lottery	1,048
School Recognition Funds	15,230
Total State Revenue	<u>1,672,083</u>
 <i>LOCAL:</i>	
Discretionary Millage	<u>108,097</u>
Total Local Revenue	<u>108,097</u>
Total State, and Local Revenue	<u>\$ 1,780,180</u>

As provided in the charter school contract, the District has charged the School an administrative fee in the amount of \$80,908.

Accounting policies relating to certain State revenue sources are described in Note 1.

### 9. PROFESSIONAL SERVICE CONTRACT

The School entered into an annual contract for professional services on June 18, 2005, with School Financial Services, Inc., to perform various financial, accounting, and purchasing services. The contract is cancellable by either party with 30 days notice. The professional fees for the year ended June 30, 2011, were approximately \$50,624.

# **BALERE LANGUAGE ACADEMY**

(a division of Balere, Inc.)

A Charter School and Component Unit of the District School Board of  
Miami-Dade County, Florida

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2011**

### **10. RISK MANAGEMENT PROGRAMS**

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

### **11. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2011, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### **12. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

### **13. FUNDING AND CREDIT CONCENTRATIONS**

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

**BALERE LANGUAGE ACADEMY**  
**(a division of Balere, Inc.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2011*

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental:				
Federal Through Local	\$ 57,013	\$ 57,013	\$ 178,573	\$ 121,560
State and Local	2,122,649	1,975,950	1,780,180	(195,770)
Contributions and Other	249,314	51,670	213,334	161,664
Total Revenues	<u>2,428,976</u>	<u>2,084,633</u>	<u>2,172,087</u>	<u>87,454</u>
<b>Expenditures:</b>				
Current - Education:				
Instruction	989,604	911,217	784,809	126,408
Pupil Personnel Services		1,609	1,413	196
Instructional Media	353	-	-	-
Instruction & Curriculum Development		5,725	4,905	820
Instructional Staff Training	3,914	1,943	1,015	928
Board of Education	145,649	99,548	114,062	(14,514)
School Administration	279,828	265,930	315,292	(49,362)
Facilities Acquisition & Construction		326,711	303,919	22,792
Fiscal Services	80,306	54,964	50,628	4,336
Food Services	43,909	55,656	54,409	1,247
Pupil Transportation	43,083	41,085	29,316	11,769
Operation of Plant	110,180	76,727	101,888	(25,161)
Maintenance of Plant	22,532	17,907	18,337	(430)
Community Services	231,709		-	-
Fixed Capital Outlay:				
Facilities Acquisition & Construction		4,040	4,040	-
Debt Service:				
Principal	415,617	140,000	140,000	-
Total Expenditures	<u>2,366,684</u>	<u>2,003,062</u>	<u>1,924,033</u>	<u>79,029</u>
Net Change in Fund Balance	62,292	81,571	248,054	166,483
Fund Balance, July 1, 2010	-		(97,437)	(97,437)
Fund Balance, June 30, 2011	<u>\$ 62,292</u>	<u>81,571</u>	<u>\$ 150,617</u>	<u>\$ 69,046</u>

See Independent Auditor's Report.

# KING & WALKER, CPAs, PL

*Certified Public Accountants*

David M. King, CPA  
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road  
Lutz, FL 33548  
office (813) 610-0659 fax (813) 949-9376

---

## **Independent Auditor's 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 Balere Language Academy, (a division of Balere, Inc.)  
a Charter School and Component Unit of the  
District School Board of Miami-Dade County, Florida

We have audited the basic financial statements of Balere Language Academy, (a division of Balere, Inc.) ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon included under the heading *Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information*. 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 of the School's financial statements for the fiscal year ended June 30, 2011, 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 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 entity'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.

**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, and other guidelines, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

August 18, 2011  
Lutz, Florida

# KING & WALKER, CPAs, PL

*Certified Public Accountants*

David M. King, CPA  
Robert I. Walker, CPA

840 W. Lutz Lake Fern Road  
Lutz, FL 33548  
office (813) 610-0659 fax (813) 949-9376

---

## **Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors Balere Language Academy, (a division of Balere, Inc.)  
a Charter School and Component Unit of the  
District School Board of Miami-Dade County, Florida

We have audited the basic financial statements of Balere Language Academy, (a division of Balere, Inc.) (“School”), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 18, 2011.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated August 18, 2011. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions were taken by the School to correct a prior audit finding.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. We applied financial condition assessment procedures pursuant to Rules of the Auditor General (Section 10.855(10)). The School has not met any of the conditions of the referenced statute.

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor 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.

The Rules of the Auditor General (Section 10.854(1)(e)3.), 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.

The Rules of the Auditor General (Section 10.854(1)(e)4,5.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

- Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
- Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
- Control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions, and (3) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(e)6.), require we disclose the name or official title of the school or center. The school's official name is the Balere Language Academy.

This letter is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

Handwritten signature of King A. Walker, CPAs in black ink.

August 18, 2011  
Lutz, Florida

**BALERE LANGUAGE ACADEMY**  
**(a division of Balere, Inc.)**

**A Charter School and Component Unit of the District School Board of Miami-Dade County**

**MANAGEMENT'S RESPONSE TO AUDIT FINDINGS**

**Year Ended June 30, 2011**

The following is the School's response to the item in the Management Letter dated August 18, 2011, as required by Rule 10.857, Rules of the Auditor General:

No response required.