

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
MIAMI-DADE COUNTY, FLORIDA)
HIALEAH, FLORIDA**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2011

709

Charter School Audit Review Checklist

FYE June 30, 2011

Name of Charter School: Excelsior Academy Charter High School

Name of Audit Firm: Verdeja De Armas, CPAs

Review Step		A	U
1.	<p>Is the audit submittal substantially complete pursuant to applicable laws, rules and the charter contract (e.g. FS 218.39, Rules of the Auditor General Chapter 10.850)?</p> <ul style="list-style-type: none"> a. Use of governmental accounting model v. not-for-profit model unless allowable b. Both Governmental and Entity-wide statements as well as reconciliation c. Audit performed in compliance with GAAS d. Auditor Opinion (usually must be "unqualified") e. Report on Internal Control and Compliance f. Schedule of Revenues, Expenditures & changes in FB – Budget to Actual g. Management letter h. OMB Circular A-133 (Single Audit), if applicable i. Compliance with GASB 54 	✓	
2.	<p>Was the charter school deemed to be in a deteriorating financial condition by the external auditor or did the school have one or more of the conditions noted in FS 218.503?</p> <ul style="list-style-type: none"> a. failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds. b. Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of a lack of funds. c. Failure to transfer at the appropriate time, due to lack of funds: <ul style="list-style-type: none"> 1. taxes withheld on the income of employees; or 2. Employer and employee contributions for: <ul style="list-style-type: none"> (a) Federal social security; or (b) Any pension, retirement, or benefit plan of an employee. d. Failure for one pay period to pay, due to lack of funds: <ul style="list-style-type: none"> 1. Wages and salaries owed to employees; or 2. Retirement benefits owed to former employees. e. An unreserved or total fund balance or retained earnings deficit, or unrestricted or total net assets deficit, as reported on the balance sheet or statement of net assets on the general purpose or fund financial statements, for which sufficient resources are not available to cover the deficit. 	✓	

Review Step		A	U
3.	Is there an existence of significant non-compliance with law, rule or contract, either explicitly identified by the auditor or evident in the notes to the financial statements? a. governing board member being compensated as employee or vendor b. undisclosed related party transactions c. fraudulent activity d. other	✓ 	
4.	Does the Report on Internal Control and Compliance or the Management Letter reveal: a. material weakness (for which the review team concurs with the auditor that the magnitude of the weakness is material) b. one or more significant deficiencies repeated and uncorrected from the prior year	✓ 	

No unacceptable items. Therefore findings do not require further review.

School's audit should be referred to review team to determine appropriate District action(s).

Note: review team comprised of staff of Management and Compliance Audits, Controller's Office, and Charter School Operations

Reviewer Signature: Jon Soder

Date of Review: 9/22/11

Comments - any unacceptable(U) item(s) must have explanation

team
follow-up

SILVIA De armas — Verdeja De armas

The school administration expense (Salary?) is almost 50% of the total payroll expense. I would like to know name and salary of employees.

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION
JUNE 30, 2011

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EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
(A Charter School Under Excelsior Academies, Inc.)

600 West 20th Street
Hialeah, FL 33010
(305)888-8359

2010-2011

BOARD OF DIRECTORS

Ms. Claudia Trilles, Chair
Ms. Dulce More
Ms. Lilianne Morales
Ms. Maydelin Beceiro
Ms. Sylvia DeArmas

SCHOOL ADMINISTRATION

Ms. Ivelisse Puente, Principal

INDEPENDENT AUDITORS' REPORT

Board of Directors
Excelsior Academy Charter High School
Hialeah, Florida

PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
YESIE CASTRO, C.P.A.
MARIA C. PEREZ-ABREU, C.P.A.
RICHARD F. PUERTO, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.
TAB VERDEJA, C.P.A.

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Excelsior Academy Charter High School, (the "School") a component unit of the District School Board of Miami-Dade County, 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 basic 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Excelsior Academy Charter High School, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, on our consideration of the School's internal control over financial reporting and on 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 and budgetary comparison information on pages 4 through 7 and page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2011

Management's Discussion and Analysis
Excelsior Academy Charter High School
June 30, 2011

The corporate officers of Excelsior Academy Charter High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2011.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2011 by \$12,330 (net assets).
2. At year-end, the School had current assets on hand of \$19,319.
3. The net assets of the School increased by \$12,330 during its first year of operations.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2011 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* 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. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 10-13 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 14-19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$12,330 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2011 follows:

Assets		2011
Cash		\$ 19,319
Capital assets, net		6,101
	Total Assets	<u>\$ 25,420</u>
Liabilities and Net Assets		
Due to fiscal agent		\$ 13,090
	Total Liabilities	13,090
Invested in capital assets, net of related debt		6,101
Unrestricted		6,229
	Total Net Assets	<u>12,330</u>
	Total Liabilities and Net Assets	<u>\$ 25,420</u>

At the end of the fiscal year, the School is able to report a positive balance in the category of net assets with a net increase of \$12,330 for the year.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2011 follows:

REVENUES	<u>2011</u>
Program Revenues	
Operating grants & contributions	\$ 23,948
Charges for services	4,031
General Revenues	
Grants & contributions	184,539
Fundraising & other revenue	10
Total Revenues	<u>\$ 212,528</u>
EXPENSES	
Instructional services	\$ 69,832
Instructional staff training services	8,616
School administration	64,146
Fiscal services	4,425
Central services	4,680
Operation of plant	48,499
Total Expenses	<u>\$ 200,198</u>
Change in Net Assets	12,330
Net Assets at Beginning of Year	-
Net Assets at End of Year	<u>\$ 12,330</u>

The School's total revenues for the year ended June 30, 2011 were \$212,528 while its total expenses were \$200,198 for a net increase of \$12,330. This was the School's first year of operations.

Accomplishments

In 2011, Excelsior Language Academy Charter High School opened its doors to 30 students in 9th grade. Excelsior students participated in various school projects during the year, such as the creation of its library/media center, as well as other community service activities and fundraisers including the Scholastic Book Fair and the United Way Fundraiser.

The school's mission is to foster pride in academic achievement while developing students' ability in the Spanish language. We believe in the acquisition of linguistics and cultural skills as an interval part of education and that language learning is best acquired in the elementary grades. We celebrate all of our diverse cultures and backgrounds with the vision that students can become respectful, responsible, trustworthy and productive members of their school, their communities, their nation and the world.

School Location

The School operates in the Miami area and shares a facility with Excelsior Language Academy of Hialeah Charter School located at 600 West 20th Street, Hialeah, FL 33010.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balance of \$19,319 and an increase of \$19,319 for its first year of operations.

Capital Assets

The School's investment in capital assets, as of June 30, 2011, amounts to \$6,101 (net of accumulated depreciation). This investment in capital assets includes mainly furniture and equipment.

General Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 205,000	\$ 208,000	\$ 208,487
Charges for services and other grants	4,000	4,000	4,031
Other income	-	-	10
TOTAL REVENUES	<u>\$ 209,000</u>	<u>\$ 212,000</u>	<u>\$ 212,528</u>
EXPENDITURES			
Instructional services	\$ 75,000	\$ 76,000	\$ 75,933
Instructional staff training services	8,000	9,000	8,616
School administration	64,000	65,000	64,146
Fiscal services	5,000	5,000	4,425
Central services	-	-	4,680
Operation of plant	4,000	5,000	48,499
TOTAL EXPENDITURES	<u>\$ 204,500</u>	<u>\$ 208,500</u>	<u>\$ 206,299</u>
Change in fund balance before other financing sources	4,500	3,500	6,229
Other financing sources	-	13,090	13,090
Net change in fund balance	<u>\$ 4,500</u>	<u>\$ 16,590</u>	<u>\$ 19,319</u>

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Ana Martinez of Academica Dade, LLC located at 6340 Sunset Drive, Miami, Florida 33143.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2011**

		<u>Governmental Activities</u>
		<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		\$ 19,319
TOTAL CURRENT ASSETS		<u>19,319</u>
CAPITAL ASSETS		
Furniture and equipment		6,921
Less accumulated depreciation		<u>(820)</u>
Total capital assets, net		6,101
TOTAL ASSETS		<u>\$ 25,420</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to fiscal agent - long term		\$ 13,090
TOTAL LIABILITIES		<u>13,090</u>
NET ASSETS		
Invested in capital assets, net of related debt		6,101
Unrestricted		<u>6,229</u>
TOTAL NET ASSETS		<u>12,330</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 25,420</u>

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

2011					
Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional services	\$ 69,832	\$ -	\$ 23,948	\$ -	\$ (45,884)
Instructional staff training services	8,616	-	-	-	(8,616)
School administration	64,146	-	-	-	(64,146)
Fiscal services	4,425	-	-	-	(4,425)
Food services	-	4,031	-	-	4,031
Central services	4,680	-	-	-	(4,680)
Operation of plant	48,499	-	-	-	(48,499)
Total Governmental Activities	\$ 200,198	\$ 4,031	\$ 23,948	\$ -	\$ (172,219)
GENERAL REVENUES:					
					\$ 184,539
					10
					<u>184,549</u>
					12,330
					<u>-</u>
					<u>\$ 12,330</u>

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>2011</u>
	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 19,319
TOTAL ASSETS	<u>\$ 19,319</u>
FUND BALANCE	
Unreserved	\$ 19,319
TOTAL FUND BALANCE	<u>\$ 19,319</u>

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

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Balance - Governmental Funds \$ 19,319

Amounts reported for governmental activities in the statement of net assets are the same. There are no reconciling items.

Capital assets of \$6,921, net of accumulated depreciation of \$820 used in governmental activities are not financial resources and therefore are not reported in the fund. 6,101

Long-term liabilities of \$13,090 are not due and payable in the current period and therefore, are not reported in the funds. (13,090)

Total Net Assets - Governmental Activities \$ 12,330

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	2011
	Governmental
	Funds
	<u> </u>
REVENUES	
State passed through local	\$ 208,487
Charges for services and other grants	4,031
Other income	10
TOTAL REVENUES	<u>\$ 212,528</u>
EXPENDITURES	
Current:	
Instructional services	\$ 69,012
Instructional staff training services	8,616
School administration	64,146
Fiscal services	4,425
Central services	4,680
Operation of plant	48,499
Capital Outlay:	
Instructional services	6,921
TOTAL EXPENDITURES	<u>\$ 206,299</u>
Excess of revenues over expenditures	<u>\$ 6,229</u>
OTHER FINANCING SOURCES	
Proceeds from long-term financing	13,090
Total other financing sources	<u>13,090</u>
Net change in fund balance	19,319
Fund balance at beginning of year	-
Fund balance at end of year	<u>\$ 19,319</u>

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

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011**

Change in Fund Balance - Governmental Funds	\$	19,319
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays 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 by which capital outlays of \$6,921 exceeded depreciation of \$820.</p>		
		6,101
<p>The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal 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 proceeds of \$13,090 exceeded repayments of \$0 in the current period.</p>		
		(13,090)
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>12,330</u>

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

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Excelsior Academy Charter High School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida is sponsored by its charter-holder, Excelsior Academies, Inc., 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. The governing body of the School is the Board of Directors which is comprised of five members.

The general operating authority of Excelsior Academy Charter High School (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 (the “School Board”). The current charter is effective until June 30, 2015. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2011, when 30 students were enrolled in the 9th grade. The charter is for grades 9th through 12th.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental 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 and capital project funds are reported as separate columns in the fund financial statements:

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund – used to account for specific revenue, such as federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Excelsior Academy Charter High School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues. They include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report 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 90 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.

Budgetary Basis 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, purchased services, and capital outlay).

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditure and are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the "School Board") pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE 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.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal 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. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

The School is a division of a nonprofit corporation. The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through August 31, 2011, which is the date the financial statements were available to be issued.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2011:

	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011
Capital Assets				
Furniture & equipment	\$ -	\$ 6,921	\$ -	\$ 6,921
Total Capital Assets	\$ -	\$ 6,921	\$ -	\$ 6,921
Less Accumulated Depreciation				
Furniture & equipment	\$ -	\$ (820)	\$ -	\$ (820)
Total Accumulated Depreciation	\$ -	\$ (820)	\$ -	\$ (820)
Capital Assets, net	\$ -	\$ 6,101	\$ -	\$ 6,101

Depreciation expense for the year ended June 30, 2011 was \$820 and was charged to instructional services.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the School's books and records, bookkeeping and financial reporting. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of the School. The agreement began in July 2010 and it is a three-year contract with a School option to renew. The contract calls for a management fee of \$450 per FTE. During the year-ended June 30, 2011, the School incurred management fees of \$13,275.

On June 13, 2011, the School entered into an agreement to receive an advance in the principal amount of \$13,090 with Academica Dade, LLC. The unpaid principal of this advance shall bear annual simple interest at the rate of 0% and it is due on June 13, 2014. As of June 30, 2011, the balance due to the management company was \$13,090 and is included as a long-term liability on the Statement of Net Assets. Principal Maturities of the advance are due as follows:

Year Ended June 30	
2012	\$ -
2013	-
2014	13,090
Total	\$ 13,090

The School entered into an agreement in June 2010 with Excelsior Language Academy of Hialeah Charter School (the "Academy") for the use of instructional classroom space, equipment and facilities. In addition to the use of its facilities, the Academy allows the School to use its teachers and other services in exchange for a flat monthly fee based on a student cost allocation ratio. For the year ended June 30, 2011, the amount paid by the School for the use of the facilities and services was \$140,674. The term of this agreement ends June 30, 2015, however, the agreement may be extended on an annual basis at the option of the School.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 – RELATED PARTIES

The Board believes that it is independent of the current management company and is not influenced by the management company in its decision-making if the Board feels it is not in the best interest of the School. In keeping with the requirements for providing full disclosure, items one and two are discussed below.

1. Management Service Contract

The management company provides oversight and management services based on a contractual agreement with the School. In its capacity as the management company, Academica Dade, LLC manages the finances and operations and makes recommendations to the School's independent board of directors which makes the final determinations regarding policies and contracts. (See Note 4) This management contract runs from July 1, 2010 to June 30, 2013.

In addition, the management company advanced the School monies during the year ended June 30, 2011. (See Note 4)

2. Excelsior Language Academy of Hialeah Charter School

Excelsior Language Academy of Hialeah Charter School (the "Academy") is a separate charter school for students in grades K through 8th. The School uses the Academy's classroom space, equipment and facilities and pays the Academy a flat monthly fee based on a student cost allocation ratio. (See Note 4)

NOTE 6 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2011, the carrying amount of the School's cash deposit account was \$19,319 and the respective bank balances totaled \$77,347. The amount of deposits at year end, were in compliance with the Federal Depository Insurance Corporation (FDIC) limit.

NOTE 7 – GRANTS

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.

REQUIRED SUPPLEMENTAL INFORMATION

EXCELSIOR ACADEMY CHARTER HIGH SCHOOL

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 205,000	\$ 208,000	\$ 208,487
Charges for services and other grants	4,000	4,000	4,031
Other income	-	-	10
TOTAL REVENUES	\$ 209,000	\$ 212,000	\$ 212,528
EXPENDITURES			
Instructional services	\$ 75,000	\$ 76,000	\$ 75,933
Instructional staff training services	8,000	9,000	8,616
School administration	64,000	65,000	64,146
Fiscal services	5,000	5,000	4,425
Central services	-	-	4,680
Operation of plant	4,000	5,000	48,499
TOTAL EXPENDITURES	\$ 204,500	\$ 208,500	\$ 206,299
Change in fund balance before other financing sources	4,500	3,500	6,229
Other financing sources	-	13,090	13,090
Net change in fund balance	\$ 4,500	\$ 16,590	\$ 19,319

See accompanying note to the required supplemental information.

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2011**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2011 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

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

Board of Directors of
Excelsior Academy Charter High School
Hialeah, Florida

We have audited the basic financial statements of the governmental activities and each major fund of Excelsior Academy Charter High School (the "School"), a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

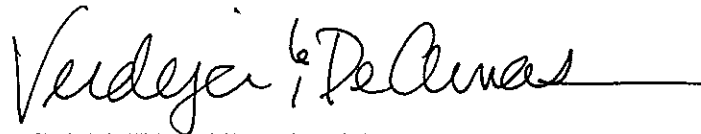
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting listed as SD-2011-1. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Excelsior Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, federal and state awarding agencies, the State of Florida Office of the Auditor General and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2011

**EXCELSIOR ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011**

SD – 2011 – 1 BANK ACCOUNT

Criteria

All bank accounts should be reconciled at the end of each month. This will ensure that all transactions have been recorded for the year.

Condition

The School did not reconcile one of their bank accounts which resulted in two transactions that were not recorded during the year.

Cause

The bank account was opened by one of the board directors of the School in order to receive a grant. Management was not aware that the account was still open at the end of the school year and did not record the transactions that occurred in the account. The finding appears to be an isolated incident.

Effect

As a result of not reconciling the bank accounts total revenues and expenses were understated by \$11,000 because a receipt and check were not recorded. The net effect of these two transactions not recorded is \$0.

Recommendation

Bank accounts should only be opened by the management company with approval by the board of directors. On a monthly basis, all accounts should be properly reconciled and reviewed to ensure accuracy.

Management Response

Management agrees with auditors finding and will ensure that all bank accounts will be open by the management company with approval by the board of directors. Account was opened by founder prior to management company being retained. Management reconciles all bank accounts on a monthly basis.

MANAGEMENT LETTER

Board of Directors of
Excelsior Academy Charter High School
Hialeah, Florida

We have audited the financial statements of the governmental activities and each major fund of Excelsior Academy Charter High School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2011, and have issued our report thereon dated August 31, 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in those reports, which are dated August 31, 2011, should be considered in conjunction with this management letter.

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

- 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. There were no findings made in the preceding annual financial audit report.
- 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 have one finding (SD-2011-1) and recommendation which has been listed on page 24 of these financial statements. Management has provided a response to this finding.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statement, considering both quantitative and qualitative factors: (1) violations of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- 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 Excelsior Academy Charter High School.
- 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 Excelsior Academy Charter High School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- 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 Excelsior Academy Charter High 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 management.

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 information and use of Excelsior Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, and the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2011