

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH  
CHARTER 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**

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA)**  
**BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND SUPPLEMENTAL**  
**INFORMATION**  
**JUNE 30, 2011**

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**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
(A Charter School Under Excelsior Academies, Inc.)

600 West 20<sup>th</sup> 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 Language Academy of Hialeah Charter School  
(A Component Unit of the School Board of Miami-Dade County, Florida)  
Hialeah, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Excelsior Language Academy of Hialeah Charter 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. The prior year summarized comparative information has been derived from the School's 2010 financial statements and in our report dated September 1, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities and the general fund.

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 Language Academy of Hialeah Charter School, a component unit of the School Board of Miami-Dade County, Florida, 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 8 and 23 through 24 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 Language Academy of Hialeah Charter School  
June 30, 2011

The corporate officers of Excelsior Language Academy of Hialeah Charter 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 \$481,901 (net assets).
2. At year-end, the School had current assets on hand of \$418,902.
3. The net assets of the School increased by \$88,829 during the year.

*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 9-10 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 11-15 of this report.

*Notes to Basic 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 basic financial statements can be found on pages 16-22 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 \$481,901 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2011 and 2010 follows:

<b>Assets</b>	<u>2011</u>	<u>2010</u>
Cash	\$ 371,651	\$ 264,513
Due from governmental agencies & accounts receivable	-	11,875
Prepaid expenses and other assets	47,251	634
Deposits receivable	77,590	77,590
Capital assets, net	<u>317,201</u>	<u>258,678</u>
Total Assets	<u>\$ 813,693</u>	<u>\$ 613,290</u>
<b>Liabilities and Net Assets</b>		
Accounts and wages payable and accrued liabilities	\$ 331,093	\$ 163,873
Deposits payable and due to internal funds	699	56,345
Total Liabilities	<u>\$ 331,792</u>	<u>\$ 220,218</u>
Invested in capital assets, net of related debt	317,201	258,678
Unrestricted	<u>164,700</u>	<u>134,394</u>
Total Net Assets	<u>\$ 481,901</u>	<u>\$ 393,072</u>
Total Liabilities and Net Assets	<u>\$ 813,693</u>	<u>\$ 613,290</u>

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets with a net increase for the year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2011 and 2010 follows:

<b>REVENUES</b>	2011	2010
Program Revenues		
Operating grants & contributions	\$ 605,341	\$ 575,882
Capital grants & contributions	112,098	29,061
Charges for services	94,980	78,617
General Revenues		
Grants & contributions	3,805,198	3,843,230
Fundraising & other revenue	241,654	5,199
Total Revenues	\$ 4,859,271	\$ 4,531,989
<b>EXPENSES</b>		
Instructional services	\$ 2,160,164	\$ 1,819,508
Instructional staff training services	6,047	3,130
Board	104,573	21,230
School administration	472,693	572,408
Facilities acquisition & construction	4,456	749
Fiscal services	98,422	88,656
Food services	320,504	323,910
Central services	108,354	93,972
Operation of plant	1,390,449	1,205,712
Maintenance of plant	82,151	15,777
Community services	22,629	21,603
Total Expenses	\$ 4,770,442	\$ 4,166,655
Change in Net Assets	88,829	365,334
Net Assets at Beginning of Year	393,072	27,738
Net Assets at End of Year	\$ 481,901	\$ 393,072

The School's total revenues for the year ended June 30, 2011 were \$4,859,271 while its total expenses were \$4,770,442 for a net increase of \$88,829.

The School's revenues and expenses for the year ended June 30, 2011 increased by approximately \$327,000 and \$603,000, respectively. Revenues increased mainly due to a fee charged to Excelsior Academy High School of approximately \$141,000. In addition, the School received an in-kind rent donation of \$65,000. Finally, the School received approximately \$83,000 in additional state capital outlay funding compared to prior year. Total expenses increased mainly due to an increase of approximately \$255,000 in teacher salaries and benefits. In addition, rent expenses increased by approximately \$200,000.

### **Accomplishments**

In 2011, Excelsior Language Academy of Hialeah completed its 3rd year of operations. The past year was one of much growth and success for the School, as significant academic progress was made. The School's grade rose from a "C" in 2010 to a "B" in 2011.

The increase in FCAT scores was due to the dedication of proactive students, teachers, parents, and administrators, who worked to improve the education and culture of the School. Teachers provided one-on-one and group tutoring to students and the School offered a tutoring camp



during the holiday break to reinforce the skills needed to succeed in the FCAT. Focus was also placed on data and technology education. Several partnerships with entities such as the National Academic Education Partners were also formed this year, which will greatly benefit the students for future years.

In 2011, the School's students participated in various school projects, 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.

### **School Location**

The School operates in the Miami area from its leased facility located at 600 West 20<sup>th</sup> 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 balances of \$164,700, an increase of \$30,306 in comparison with the prior year.

### **Capital Assets**

The School's investment in capital assets, as of June 30, 2011, amounts to \$317,201 (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 general fund to demonstrate compliance with the School's budget.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
State passed through local	\$ 4,095,000	\$ 4,100,000	\$ 4,103,316
Capital outlay funding and other grants	100,000	112,098	112,098
Federal lunch program	300,000	307,500	307,223
Charges for services and other grants	85,000	93,000	94,980
Other income	240,000	240,000	241,654
<b>TOTAL REVENUE</b>	<u>\$ 4,820,000</u>	<u>\$ 4,852,598</u>	<u>\$ 4,859,271</u>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,200,000	\$ 2,205,000	\$ 2,203,988
Instructional staff training services	6,000	6,500	6,047
Board	102,500	105,000	104,573
School administration	470,000	475,000	472,693
Facilities acquisition & construction	3,000	3,000	2,957
Fiscal services	100,000	100,000	98,422
Food services	304,000	311,500	324,105
Central services	107,500	110,000	108,354
Operation of plant	1,395,000	1,417,098	1,403,046
Maintenance of plant	82,500	82,500	82,151
Community services	22,000	22,750	22,629
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,792,500</u>	<u>\$ 4,838,348</u>	<u>\$ 4,828,965</u>
Net change in fund balance	<u>\$ 27,500</u>	<u>\$ 14,250</u>	<u>\$ 30,306</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 LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
 STATEMENTS OF NET ASSETS  
 JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)

	Governmental Activities	
	2011	2010 (Summarized Comparative Information)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 371,651	\$ 264,513
Accounts receivable	-	9,260
Due from governmental agencies	-	2,615
Prepaid expenses	47,251	634
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 418,902</b>	<b>\$ 277,022</b>
<b>CAPITAL ASSETS</b>		
Improvements other than buildings	\$ 7,494	\$ 7,494
Less accumulated depreciation	(2,248)	(749)
Furniture and equipment	443,006	288,360
Less accumulated depreciation	(131,051)	(36,427)
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>317,201</b>	<b>258,678</b>
Deposit receivable and other assets	77,590	77,590
<b>TOTAL ASSETS</b>	<b>\$ 813,693</b>	<b>\$ 613,290</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 149,625	\$ 865
Wages payable	181,468	163,008
Deposits payable	-	56,345
Due to internal funds	699	-
<b>TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES</b>	<b>\$ 331,792</b>	<b>\$ 220,218</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 317,201	\$ 258,678
Unrestricted	164,700	134,394
<b>TOTAL NET ASSETS</b>	<b>\$ 481,901</b>	<b>\$ 393,072</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 813,693</b>	<b>\$ 613,290</b>

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

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)**

<b>Functions</b>	2011				2010	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities:</b>						
Instructional services	\$ 2,160,164	\$ 11,524	\$ 298,118	\$ -	\$ (1,850,522)	\$ (1,431,607)
Instructional staff training services	6,047	-	-	-	(6,047)	(3,130)
Board	104,573	-	-	-	(104,573)	(21,230)
School administration	472,693	-	-	-	(472,693)	(572,408)
Facilities acquisition & construction	4,456	-	-	-	(4,456)	(749)
Fiscal services	98,422	-	-	-	(98,422)	(88,656)
Food services	320,504	55,445	307,223	-	42,164	(83,310)
Central services	108,354	-	-	-	(108,354)	(93,972)
Operation of plant	1,390,449	-	-	112,098	(1,278,351)	(1,176,651)
Maintenance of plant	82,151	-	-	-	(82,151)	(15,777)
Community services	22,629	28,011	-	-	5,382	4,395
<b>Total Governmental Activities</b>	<b>\$ 4,770,442</b>	<b>\$ 94,980</b>	<b>\$ 605,341</b>	<b>\$ 112,098</b>	<b>\$ (3,958,023)</b>	<b>\$ (3,483,095)</b>
<b>GENERAL REVENUES:</b>						
Government grants not restricted to specific programs					\$ 3,805,198	\$ 3,843,230
Miscellaneous revenue					241,654	5,199
Total general revenues					4,046,852	3,848,429
Change in Net Assets					88,829	365,334
NET ASSETS - BEGINNING					393,072	27,738
NET ASSETS - ENDING					\$ 481,901	\$ 393,072

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

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
 BALANCE SHEET- GOVERNMENTAL FUNDS  
 JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)

	2011	2010
	General Fund	(Summarized Comparative Information)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 371,651	\$ 264,513
Accounts receivable	-	9,260
Due from governmental agencies	-	2,615
Prepaid expenses	47,251	634
0	77,590	77,590
<b>TOTAL ASSETS</b>	<b><u>\$ 496,492</u></b>	<b><u>\$ 354,612</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 149,625	\$ 865
Wages payable	181,468	163,008
Deposits payable	-	56,345
Due to internal funds	699	-
<b>TOTAL LIABILITIES</b>	<b><u>\$ 331,792</u></b>	<b><u>\$ 220,218</u></b>
<b>FUND BALANCE</b>		
Unreserved	164,700	134,394
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 164,700</u></b>	<b><u>\$ 134,394</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 496,492</u></b>	<b><u>\$ 354,612</u></b>

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

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

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Total Fund Balance - Governmental Funds \$ 164,700

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

Capital assets of \$450,500, net of accumulated depreciation of \$133,299 used in governmental activities are not financial resources and therefore are not reported in the fund. 317,201

Total Net Assets - Governmental Activities \$ 481,901

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

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

	2011		2010	
	Special		Total	(Summarized
	General Fund	Revenue Fund	Governmental Funds	Comparative Information)
<b>REVENUES</b>				
State passed through local	\$ 4,103,316	\$ -	\$ 4,103,316	\$ 4,178,512
State capital outlay funding	-	112,098	112,098	29,061
Federal lunch program	-	307,223	307,223	240,600
Charges for services and other grants	39,535	55,445	94,980	78,617
Other income	241,654	-	241,654	5,199
<b>TOTAL REVENUES</b>	<b>\$ 4,384,505</b>	<b>\$ 474,766</b>	<b>\$ 4,859,271</b>	<b>\$ 4,531,989</b>
<b>EXPENDITURES</b>				
Current:				
Instructional services	\$ 2,073,790	\$ -	\$ 2,073,790	\$ 1,786,859
Instructional staff training services	6,047	-	6,047	3,130
Board	104,573	-	104,573	21,230
School administration	472,693	-	472,693	572,408
Facilities acquisition & construction	2,957	-	2,957	-
Fiscal services	98,422	-	98,422	88,656
Food services	-	320,105	320,105	323,910
Central services	108,354	-	108,354	93,972
Operation of plant	1,227,937	154,661	1,382,598	1,201,934
Maintenance of plant	82,151	-	82,151	15,777
Community services	22,629	-	22,629	21,603
Capital Outlay:				
Food services	4,000	-	4,000	7,494
Instructional services	130,198	-	130,198	250,580
Operation of plant	20,448	-	20,448	37,780
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,354,199</b>	<b>\$ 474,766</b>	<b>\$ 4,828,965</b>	<b>\$ 4,425,333</b>
Excess of revenues over expenditures	\$ 30,306	\$ -	\$ 30,306	\$ 106,656
Net change in fund balance	30,306	-	30,306	106,656
Fund balance at beginning of year	134,394	-	134,394	27,738
Fund balance at end of year	<b>\$ 164,700</b>	<b>\$ -</b>	<b>\$ 164,700</b>	<b>\$ 134,394</b>

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

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER 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

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Change in Fund Balance - Governmental Funds \$ 30,306

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

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 \$154,646 exceeded depreciation of \$96,123. 58,523

Change in Net Assets of Governmental Activities \$ 88,829

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



EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2011

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	<u>Agency Fund</u> <u>Student Activity</u>
<b>ASSETS</b>	
Cash	\$ 24,334
Due from general fund	699
<b>TOTAL ASSETS</b>	<u>\$ 25,033</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 25,033
<b>TOTAL LIABILITIES</b>	<u>\$ 25,033</u>

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

**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

Excelsior Language Academy of Hialeah Charter 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 Language Academy of Hialeah Charter 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, 2013. 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. The charter contract may be renewed for a 15 year term by mutual consent of both parties.

These financial statements are for the year ended June 30, 2011, when 603 students were enrolled in grades kindergarten through eighth.

**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.

Additionally, the School reports the following fiduciary fund type:

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of Excelsior Language Academy of Hialeah Charter 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 LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

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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.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 LANGUAGE ACADEMY OF HIALEAH CHARTER 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	\$ 295,854	\$ 154,646	\$ -	\$ 450,500
Total Capital Assets	<u>\$ 295,854</u>	<u>\$ 154,646</u>	<u>\$ -</u>	<u>\$ 450,500</u>
Less Accumulated Depreciation				
Furniture & equipment	\$ (37,176)	\$ (96,123)	\$ -	\$ (133,299)
Total Accumulated Depreciation	<u>(37,176)</u>	<u>(96,123)</u>	<u>-</u>	<u>(133,299)</u>
Capital Assets, net	<u>\$ 258,678</u>	<u>\$ 58,523</u>	<u>\$ -</u>	<u>\$ 317,201</u>

Depreciation expense for the year ended June 30, 2011 was charged to functions of the School as follows:

Instructional services	\$ 67,386
Facilities acquisition and construction	1,498
Food service	400
Operation of plant	26,839
Total	<u>\$ 96,123</u>

**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 on January 1, 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 \$271,950. No amounts were due to the current management company at June 30, 2011.

The School entered into an operating lease agreement in March 2008 for the use of facilities. The term of this lease commenced on August 1, 2008 and shall expire on July 31, 2024. The School has the right to extend the term for two additional periods of ten years each. For the year ended June 30, 2011, the total rent expense was approximately \$938,000. Of this amount the landlord donated inkind rent of \$65,000. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2012	\$ 905,380
2013	923,522
2014	914,061
2015	929,802
2016	948,399
2017-2021	5,034,214
2022-2024	3,268,674
Total	<u>\$ 12,924,052</u>

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 4 – COMMITMENTS AND CONTINGENCIES (Continued)**

In June 2010, the School entered into a non-exclusive space usage agreement with Excelsior Academy High School for the use of the facilities for term of August 1, 2010 through June 30, 2015, at which time it may be renewed on an annual basis. The School will be paid a flat monthly fee based, on a student cost allocation ratio. The amount received by the School for the year ended June 30, 2011 was \$140,674.

Finally, the School entered into an agreement in October 2008 to lease equipment through the previous management company TLGF. The term of the lease is for 60 months and requires monthly payments of \$9,806. Total expenses for the year under this lease were \$117,672. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2012	\$ 117,672
2013	117,672
2014	29,418
Total	<u>\$ 264,762</u>

**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 polices and contracts. (See Note 4) This management contract runs from January 1, 2010 to January 1, 2013.

2. Excelsior Academy High School

Excelsior Academy High School is a separate charter school for students in grades 9<sup>th</sup> through 12<sup>th</sup>. Currently the high school uses the same facility as Excelsior Language Academy of Hialeah Charter School. In addition, they provide the high school with teachers and other services. The School is reimbursed for these services based on 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 \$371,615 (operating) and \$24,334 (agency) and the respective bank balances totaled \$596,875 (operating) and \$24,334 (agency). The amount of deposits at year end, were in compliance with the Federal Depository Insurance Corporation (FDIC) limit. At times during the year the bank balances may exceed the 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.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent to year end in August 2011, the School agreed to a settlement agreement with its former management company. All amounts, in accordance with this agreement, have been recorded and included in these financial statements.



REQUIRED SUPPLEMENTAL INFORMATION

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER 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
<b>REVENUES</b>			
State passed through local	\$ 4,095,000	\$ 4,100,000	\$ 4,103,316
Charges for services and other grants	35,000	38,000	39,535
Other income	240,000	240,000	241,654
<b>TOTAL REVENUES</b>	<b>\$ 4,370,000</b>	<b>\$ 4,378,000</b>	<b>\$ 4,384,505</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,200,000	\$ 2,205,000	\$ 2,203,988
Instructional staff training services	6,000	6,500	6,047
Board	102,500	105,000	104,573
School administration	470,000	475,000	472,693
Facilities acquisition & construction	3,000	3,000	2,957
Fiscal services	100,000	100,000	98,422
Food services	4,000	4,000	4,000
Central services	107,500	110,000	108,354
Operation of plant	1,245,000	1,250,000	1,248,385
Maintenance of plant	82,500	82,500	82,151
Community services	22,000	22,750	22,629
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,342,500</b>	<b>\$ 4,363,750</b>	<b>\$ 4,354,199</b>
Net change in fund balance	<u>\$ 27,500</u>	<u>\$ 14,250</u>	<u>\$ 30,306</u>

See accompanying note to the required supplemental information.

EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 100,000	\$ 112,098	\$ 112,098
Federal lunch program	300,000	307,500	307,223
Charges for other services	50,000	55,000	55,445
TOTAL REVENUES	<u>\$ 450,000</u>	<u>\$ 474,598</u>	<u>\$ 474,766</u>
EXPENDITURES			
Food services	\$ 300,000	\$ 307,500	\$ 320,105
Operation of plant	150,000	167,098	154,661
TOTAL EXPENDITURES	<u>\$ 450,000</u>	<u>\$ 474,598</u>	<u>\$ 474,766</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**EXCELSIOR LANGUAGE ACADEMY OF HIALEAH CHARTER SCHOOL  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2011**

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**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*

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

We have audited the basic financial statements of the governmental activities and each major fund of Excelsior Language Academy of Hialeah Charter 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.

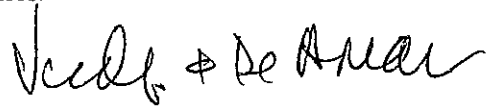
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination 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.

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*.

This report is intended solely for the information and use of Excelsior Language Academy of Hialeah Charter 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

## MANAGEMENT LETTER

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

We have audited the financial statements of the governmental activities and each major fund of Excelsior Language Academy of Hialeah Charter 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 not have any such recommendations.
- 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 Language Academy of Hialeah Charter 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 Language Academy of Hialeah Charter School, Inc. 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 Language Academy of Hialeah Charter 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 Language Academy of Hialeah Charter 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