

**OXFORD ACADEMY
OF MIAMI, INC.**

**Component Unit
Financial Statements**

June 30, 2011

OXFORD ACADEMY OF MIAMI, INC.

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June 30, 2011

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C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

9400 South Dadeland Boulevard, Suite 601, Miami, Florida 33156
Telephone (305) 670-3370 Fax (305) 670-3390

Report of Independent Certified Public Accountants

To the Board of Directors of
Oxford Academy of Miami, Inc.
Miami, Florida

We have audited the accompanying statement of net assets of the Oxford Academy of Miami, Inc. (the "Academy") as of June 30, 2011 and the related statement of activities and changes in net assets and cash flows for the period then ended. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oxford Academy of Miami, Inc at June 30, 2011, and the results of its operations and its cash flows for the period 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 26, 2011 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and 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 the audit performed in accordance with *Government Auditing Standards* and should not be considered in assessing the results of our audit.

We noted a certain matter that we reported to the Academy in a separate management letter dated August 26, 2011. The Academy's response to the finding is described in the accompanying management letter. We did not audit the Academy's response and, accordingly, express no opinion

As discussed in Note F to the financial statements, after the issuance of our report on such financial statements in August 2011, an error was discovered by management. Such error resulted in an understatement of previously reported expenditures and an overstatement in fund balance and net assets. Accordingly, an adjustment has been made to correct this error resulting in a decrease in fund balance and net assets of \$27,705.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.

August 26, 2011
Miami, Florida

PARTNERS:

JORGE N. DE LA TORRE, CPA • LAWRENCE KABAT, CPA • ERIC J. LEVENTHAL, CPA
MICHAEL SCHERTZER, CPA • JEFFREY TARABOULOS, CPA, CFE • ROBERT TARABOULOS, CPA

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**Report on Compliance and on Internal Control Over Financial Reporting Based
on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards***

To the Board of Directors of
Oxford Academy of Miami, Inc.
Miami, Florida

We have audited the basic financial statements of Oxford Academy of Miami, Inc. (the “Academy”) as of and for the period ended June 30, 2011, and have issued our report thereon dated August 26, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Academy’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we consider our finding described in the accompanying management letter to be a material weakness.

This report is intended solely for the information and use of the board of directors, management, the State of Florida office of the Auditor General, and the School Board of Miami-Dade County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.

August 26, 2011
Miami, Florida

PARTNERS:

JORGE N. DE LA TORRE, CPA • LAWRENCE KABAT, CPA • ERIC J. LEVENTHAL, CPA
MICHAEL SCHERTZER, CPA • JEFFREY TARABOULOS, CPA, CFE • ROBERT TARABOULOS, CPA

OXFORD ACADEMY OF MIAMI, INC.

Statement of Net Assets

June 30, 2011

Assets	Government Activities
Cash	\$ 10,849
Vendor deposits	<u>17,459</u>
Total Assets	<u><u>28,308</u></u>
 Liabilities and Net Assets	
Accrued expenses	<u>27,705</u>
Total Liabilities	<u><u>27,705</u></u>
 Net Assets	
Unrestricted net assets	<u>603</u>
Total Liabilities & Net Assets	<u><u>\$ 28,308</u></u>

Read accompanying notes to financial statements.

OXFORD ACADEMY OF MIAMI, INC.
Statement of Activities and Change in Net Assets
June 30, 2011

FUNCTIONS	2011				Net Revenue (Expense) and Change in Net Assets
	Expenses	Program Revenues		Capital Grants and Contributions	
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 864,535	-	-	-	\$ (864,535)
Pupil Personnel Services	6,276	-	-	-	(6,276)
Instructional Media Services	5,240	-	-	-	(5,240)
Instruction and Curriculum Development Services	3,737	-	-	-	(3,737)
Instructional Staff Training Services	10,059	-	-	-	(10,059)
General Administration	1,813	-	-	-	(1,813)
School Administration	12,936	-	-	-	(12,936)
Food Services	57,577	80,976	-	-	23,399
Central Services	7,029	-	-	-	(7,029)
Pupil Transportation Services	10,828	-	-	-	(10,828)
Operation of Plant	344,921	-	-	34,772	(310,149)
Maintenance of Plant	13,617	-	-	-	(13,617)
Community Services	23,648	-	-	-	(23,648)
Total Governmental Activities	\$ 1,362,216	\$ 80,976		\$ 34,772	\$ (1,246,468)
					1,242,369
					(4,099)
					4,702
					\$ 603

Read accompanying notes to financial statements.

OXFORD ACADEMY OF MIAMI, INC.

Statement of Cash Flows

For the Period Ended June 30, 2011

	<u>2011</u>
Cash flows from operating activities:	
Change in net assets	\$ (4,099)
Changes in operating assets and liabilities:	
Increase in vendor deposits	(14,697)
Increase in accrued expenses	<u>27,705</u>
Net cash provided by operating activities	8,909
Change in cash	8,909
Cash at beginning of year	<u>1,940</u>
Cash at end of year	<u><u>\$ 10,849</u></u>

Read accompanying notes to financial statements.

OXFORD ACADEMY OF MIAMI, INC.

Balance Sheet - Governmental Fund

June 30, 2011

Assets	2011		Total Governmental Funds
	General Fund	Capital Projects Fund	
Cash	\$ 10,849	-	\$ 10,849
Vendor deposits	17,459	-	17,459
Total Assets	<u>28,308</u>	<u>-</u>	<u>28,308</u>
Liabilities and Net Assets			
Accrued expenses	27,705	-	27,705
	<u>27,705</u>	<u>-</u>	<u>27,705</u>
Fund Balance			
Nonspendable for deposits	17,459	-	17,459
Unassigned	(16,856)	-	(16,856)
Total Fund Balance	\$ <u>603</u>	<u>-</u>	\$ <u>603</u>

Read accompanying notes to financial statements.

OXFORD ACADEMY OF MIAMI, INC.

Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund

For the Period Ended June 30, 2011

	<u>2011</u>
Revenues:	
FEFP fees	\$ 1,242,369
Other	<u>115,748</u>
	<u>1,358,117</u>
Expenditures:	
Instruction	864,535
Pupil Personnel Services	6,276
Instructional Media Services	5,240
Instruction and Curriculum Development Services	3,737
Instructional Staff Training Services	10,059
General Administration	1,813
School Administration	12,936
Food Services	57,577
Central Services	7,029
Pupil Transportation Services	10,828
Operation of Plant	344,921
Maintenance of Plant	13,617
Community Services	<u>23,648</u>
	<u>1,362,216</u>
Change in fund balance	(4,099)
Fund Balance - Beginning	\$ <u>4,702</u>
Fund Balance - Ending	\$ <u><u>603</u></u>

Read accompanying notes to financial statements.

OXFORD ACADEMY OF MIAMI, INC.

Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Assets

June 30, 2011

	<u>2011</u>
Fund Balance - Governmental Fund	\$ 603
No reconciling items	<u>-</u>
Unrestricted Net Assets	<u>\$ 603</u>

Read accompanying notes to financial statements.

OXFORD ACADEMY OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Oxford Academy of Miami, Inc. (“Academy”) is a not-for-profit corporation, organized pursuant to Florida Statutes Chapter 617, in June 2004, to provide rich, diverse and meaningful learning experience for the students of Miami-Dade County from kindergarten to sixth grade. The governing body of the Academy is the Board of Directors which is comprised of 4 members.

For the period ended June 30, 2011, there were 179 students enrolled in grades kindergarten through sixth.

Reporting Entity

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity

There are no component units; however, the Academy is a component unit of School Board of Miami-Dade County, Florida.

Government-Wide and Financial Statements

The government-wide financial statements include the statement of net assets and the statements of activities. These statements report financial information for the Academy as a whole.

The statement of activities report 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 positions of a fund or summarize more than one fund to capture the expense and program revenues associated with a Board functional activity. Program revenues include: (1) charges for services which report fees and other charges and (2) operating grants and contributions which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these programs uses.

OXFORD ACADEMY OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2011

Fund Financial Statements

Fund financial statements are provided for governmental fund. Major individual governmental funds are reported in separate columns.

General Fund – The General Fund is the general operating fund. It is used to account for all current financial resources except those required to be accounted for in another fund of the Academy.

Capital Projects Fund – The Capital Projects Fund used to account for Capital Outlay funds and Academy Infrastructure Thrift funds. These funds have been segregated to account for renovation to the existing facility or the acquisition of new facilities.

Measure Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Academy are prepared in accordance with generally accepted accounting principles (GAAP). The 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) opinion 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 generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Academy considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenues sources susceptible to accrual include: intergovernmental revenues, and interest income.

OXFORD ACADEMY OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2011

Cash

Cash includes highly liquid investments with original maturities of three months or less. The Company maintains deposits, with major financial institutions, that, from time to time, may exceed federally insured limits. As of June 30, 2011, there were no deposits in excess of federally insured limits.

Fund Balance

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

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

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

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

OXFORD ACADEMY OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2011

Capital Assets, Depreciation and Amortization

The Academy's property, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements.

The Academy generally capitalizes assets with cost of \$750 or more as outlay occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extends the useful lives are expensed. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operation. For the period ended June 30, 2011, the Academy did not record any capital assets.

Income Taxes

The Academy qualifies as a tax-exempt organization under the Internal Revenue Service 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 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 the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through August 26, 2011, the date when the financial statements were available to be issued.

NOTE B – SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

The Academy has an agreement with the School Board of Miami-Dade County, Florida, to operate a Charter Academy. The Academy receives funding from the School Board of Miami-Dade County, Florida, based on the projected number of full time equivalent (FTE) students. The term of contract is for five years ending June 30, 2015, with an option to review for an additional five years.

OXFORD ACADEMY OF MIAMI, INC.

Notes to the Financial Statements

June 30, 2011

NOTE C – CONTINGENCIES

The Academy receives funding through the School Board of Miami-Dade County, Florida that is based in part on a computation of the number of full time equivalent (“FTE”) students enrolled. The accuracy of data compiled supporting the FTE count is subject to audit, and if found to be in error, could result in refunds or in decreased in future funding allocations. It is the opinion of management that the amount of revenue which may be remitted back due to errors in the FTE count, if any, will not be material to the financial position of the Academy. In addition, the continued operation of the Academy is depended upon an agreement with the School Board of Miami-Dade County, Florida.

NOTE D – REALTED PARTY TRANSACTION

Operating Lease

The Academy leases it’s administrative and classroom space under an operating lease, which expires on July 31, 2016, from a company which is owned by the founder of the Academy. The rental expense was \$224,787 for the year ended June 30, 2011.

NOTE E – OTHER INFORMATION

Oxford Academy of Miami, Inc. is located at 10870 SW 113th Place, Miami, FL 33176. The Academy’s principal is Mrs. Angela Klinedinst, and the Board of Directors is as follows:

Mr. Luis Calderon
Ms. Luis Jaramillo
Mr. Henry Marquez
Mrs. Rebecca Fox

The following information about the Certified Public Accountant issuing the audit report:

CPA’s Name:	Kabat, Schertzer, De La Torre, Taraboulos & Co.
CPA’s Address:	9400 South Dadeland Boulevard; Suite 601 Miami, Florida 33156

NOTE F – RESTATEMENT OF FISCAL YEAR ENDED JUNE 30, 2011

An adjustment was needed to properly accrue payroll and related payroll taxes, as of June 30, 2011. It should be noted that the majority of the Academy’s employees work a 10-month schedule but elect to be compensated on a 12-month schedule, which extends beyond the Academy’s fiscal year end. The adjustment to correct this error resulted in a decrease in fund balance and net assets of \$27,705.

OXFORD ACADEMY OF MIAMI, INC.

Management's Discussion and Analysis

June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Oxford Academy of Miami, Inc. (the "Academy"), we offer readers of the "Academy" financial statements this narrative overview of the financial activities for the fiscal year ended June 30, 2011 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Academy's financial activities, (c) identify changes in the Academy's financial position, and (d) identify material deviations from the approved budget. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the basic financial statements found on pages 3 - 13.

- The assets of the Academy exceeded its liabilities at the close of the most recent fiscal year by \$603.
- The significant portion of revenue is provided by the School Board of Miami-Dade County, Florida and is based on the number of enrolled full time equivalent students. In the current fiscal year, the Academy's enrollment increased therefore, creating an increase in revenue.
- The overall increase in expenses is primarily based on an increase in revenues. Other costs are variable depending on circumstances.
- The budgeted change in fund balance, as compared to the actual change in fund balance, results in an unfavorable difference of \$240,909.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the component unit financial statements.

This financial report is designed to provide a general overview of the Academy's finances for all those with an interest in the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Academy's principal, Mrs. Angela Klinedinst, at 10870 Southwest 113th Place, Miami, FL 33176.

Supplemental Information

OXFORD ACADEMY OF MIAMI, INC.

Statement of Revenues, Expenditures and Change in Fund Balance - Budget to Actual

For the Period Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>
Revenues:		
FEFP fees	\$ 1,242,369	\$ 1,098,000
Other	115,748	136,020
	<u>1,358,117</u>	<u>1,234,020</u>
Expenditures:		
Instructional services	864,535	648,000
Instructional support services	25,312	14,400
Board administration	1,813	12,000
School administration	30,793	18,000
Facilities administration	290,945	196,000
Food services	57,577	36,000
Operation of plant	53,455	50,000
Maintenance services	13,617	7,800
Community services	24,169	15,000
	<u>1,362,216</u>	<u>997,200</u>
Change in fund balance	(4,099)	236,820
Fund Balance - Beginning	\$ <u>4,702</u>	\$ <u>4,702</u>
Fund Balance - Ending	\$ <u><u>603</u></u>	\$ <u><u>241,522</u></u>

Read accompanying notes to financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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MANAGEMENT LETTER

The Board of Directors of
Oxford Academy of Miami, Inc.
Miami, Florida

We have audited the financial statements of Oxford Academy of Miami, Inc. as of and for the year ended June 30, 2011 and have issued our report thereon dated August 26, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and *Non-Profit Organizations*. We have issued our Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other matters and Independent Auditors Report on Compliance with requirements Applicable to each Major Federal Program and on Internal Control over Compliance. Disclosures in those reports, which are dated August 26, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school 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 report. There were no recommendations made in the preceding 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 noted that the Academy failed to properly accrue payroll and related payroll taxes, as of June 30, 2011. It should be noted that the majority of the Academy's employees work a 10-month schedule but elect to be compensated on a 12-month schedule, which extends beyond the Academy's fiscal year end. In response, the Academy intends to prepare an analysis and accrue for payroll and related taxes quarterly.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings

PARTNERS:

JORGE N. DE LA TORRE, CPA • LAWRENCE KABAT, CPA • ERIC J. LEVENTHAL, CPA
MICHAEL SCHERTZER, CPA • JEFFREY TARABOULOS, CPA, CFE • ROBERT TARABOULOS, CPA

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- 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 Oxford Academy of Miami, Inc.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met.
 - In connection with our audit, we determined that the Academy met the condition described in Section 218.503(1)(e), as amended, of the Florida Statutes. The Academy reported an unassigned fund balance deficit of \$16,856 in the accompanying Balance Sheet - Governmental Fund. As described below, the condition was met as a result of deteriorating financial conditions. In response, the Academy intends to prepare a corrective action plan and remit it to the appropriate governing bodies.
- Pursuant to sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
 - We have applied our procedures and have noted deteriorating financial conditions. It should be noted that the Academy has reported an unassigned fund balance deficit of \$16,856 primarily due to a decrease in fund balance and net assets of \$4,099. In response, the Academy intends to prepare a corrective action plan and remit it to the appropriate governing bodies.

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 management, and the Florida Auditor general, and is not intended to be and should not be used by anyone other than these specific parties.

* * *

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the Academy's financial statements.

Very truly yours,

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.

Kabat, Schertzer, De La Torre, Taraboulos & Co

August 26, 2011