

BALERE LANGUAGE ACADEMY

COMPONENT UNIT
FINANCIAL STATEMENTS

JUNE 30, 2005

MANAGEMENT AND
FINANCIAL AUDITS
2005 OCT 17 PM 3:15

MILLWARD & CO. CPAs

BALERE LANGUAGE ACADEMY

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

Balere Language Academy ("Academy") is a public charter Academy operated in Miami-Dade County, FL, under the sponsorship of the School Board of Miami-Dade County, Florida.

Within this section of the Academy's annual financial report, the Academy's management provides narrative discussion and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2005. This discussion is provided within the context of the accompanying financial statements. The discussion includes the entire Academy operations. There are no proprietary funds, no fiduciary funds and no component units.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Academy's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Academy also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Academy's annual report includes two government wide financial statements. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting. This includes financial statements prepared on a full accrual accounting, and notes to the financial statements.

The first financial statement is the *Statement of Net Assets* that includes all of the Academy's assets and liabilities, with the difference reported as net assets.

The second financial statement is the *Statement of Activities* that includes all current year revenue and expenses. It explains how the Academy's net assets changed during the fiscal year.

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Both government-wide financial statements distinguish governmental activities of the Academy that are principally supported by intergovernmental revenues, such as grants.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Academy uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Academy's most significant funds.

Governmental Fund

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Academy's government funds. These are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

Financial Analysis of the Academy

The Academy's net assets increased by \$55,011 to \$60,383 in 2005.

All of the Academy's revenue is received through the sponsor and generally was provided by the State of Florida. The revenue per student each year is determined by the State of Florida and paid to the Academy based upon the student counts on certain dates in October and February of the fiscal year.

FEFP and other revenue from School Board Miami-Dade County, Florida, were based upon the number of students in the current fiscal year.

The summary of the Academy government-wide statement of net assets is as follows:

Condensed Statement of Net Assets			
Governmental Activities			
June 30, 2005 and 2004			
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Current and Other Assets	\$ 112,343	\$ 5,372	\$ 106,971
Capital Assets	<u>5,834</u>	<u>-</u>	<u>5,834</u>
Total Assets	118,177	5,372	112,805
Current Liabilities	<u>57,794</u>	<u>-</u>	<u>57,794</u>
Total Liabilities	<u>57,794</u>	<u>-</u>	<u>50,279</u>
Net Assets	<u>\$ 60,383</u>	<u>\$ 5,372</u>	<u>\$ (5,152)</u>
Invested in Capital Assets	5,834	-	5,834
Unrestricted	<u>54,549</u>	<u>5,372</u>	<u>49,177</u>
	<u>\$ 60,383</u>	<u>\$ 5,372</u>	<u>\$ 55,011</u>

BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

Condensed Statement of Activities
For the years 2005 and 2004

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Program Revenue:			
Charge for services	\$ -	\$ -	\$ -
Operating grant and contribution	218,519	-	218,519
General Revenue:			
FEEP fees	534,758	-	534,758
Contribution not restricted	-	5,372	(5,372)
After care program	57,148	-	57,148
Other	<u>27,071</u>	<u>-</u>	<u>27,071</u>
Total Revenue	<u>837,496</u>	<u>5,372</u>	<u>832,124</u>
Functions/Program Expenses:			
Instructional Services	336,163	-	336,163
Instructional Support services	9,762	-	9,762
Pupil transportation services	24,180	-	24,180
Food services	13,425	-	13,425
After care	48,264	-	48,264
School administration	226,670	-	226,670
Facilities acquisition and construction	61,778	-	61,778
Fiscal services	25,651	-	25,651
Operation and maintenance services	<u>36,592</u>	<u>-</u>	<u>36,592</u>
Total expense	<u>782,485</u>	<u>-</u>	<u>782,485</u>
Change in net assets	55,011	5,372	49,639
Net assets - Beginning	<u>5,372</u>	<u>-</u>	<u>5,372</u>
Net assets - Ending	<u>\$ 60,383</u>	<u>\$ 5,372</u>	<u>\$ 55,011</u>

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Academy charges a fee. For fiscal year ended June 20, 2005, the Academy did not have any proprietary funds.

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

GOVERNMENTAL FUNDS

GENERAL FUND

The general fund is the operating fund. It recognized \$837,496 in total revenues offset with \$788,319 of expenditures. This resulted in an excess of revenues over expenditures. Fund balance at the beginning of the year was \$5,372 and when combined with the current year resulted in an end of year fund balance of \$54,549.

BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005

CAPITAL ASSETS

As of June 30, 2005, the Academy had \$5,834 invested in capital assets, as reflected below:

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Office equipment and fixtures	\$ <u>7,103</u>	\$ <u>-</u>	\$ <u>7,103</u>
Less: Accumulated depreciation	<u>(1,269)</u>	<u>-</u>	<u>(1,269)</u>
Net	\$ <u>5,834</u>	\$ <u>-</u>	\$ <u>5,834</u>

The Board of Directors
Balere Language Academy
Miami, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying component unit basic financial statements of governmental activities, each major fund and the aggregate remaining fund information of Balere Language Academy ("Academy") a component unit of The School Board of Miami-Dade County, Florida as of and for the year ended June 30, 2005, which collectively comprise the Academy's basic financial statements as listed in the foregoing table of contents. 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 component unit financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Academy at June 30, 2005, 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.

Management's discussion and analysis and the statement of revenues, expenditures and changes in fund balances budget and actual are not required parts of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated September 1, 2005 on our consideration of the Academy's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Millward & Co. CPAs

Millward & Co. CPAs
Fort Lauderdale, Florida
September 1, 2005



BALERE LANGUAGE ACADEMY
STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalent	\$ 112,087
Prepaid expenses	256
Capital assets	<u>5,834</u>
TOTAL ASSETS	<u>118,177</u>
LIABILITIES	
Accounts payable	16,060
Accrued expense	10,253
Deferred income	<u>31,481</u>
TOTAL LIABILITIES	<u>57,794</u>
NET ASSETS	
Invested in capital assets	5,834
Unrestricted	<u>54,549</u>
TOTAL NET ASSETS	<u>\$ 60,383</u>

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

BALERE LANGUAGE ACADEMY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Program Activities	Program Revenues				Net Revenue and Change in Net Assets		
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instructional services	\$ 336,163	\$ -	\$ 218,519	\$ -	\$ (117,644)	\$ -	\$ (117,644)
Instructional support services	9,762	-	-	-	(9,762)	-	(9,762)
Pupil transportation services	24,180	-	-	-	(24,180)	-	(24,180)
Food services	13,425	-	-	-	(13,425)	-	(13,425)
After care	48,264	-	-	-	(48,264)	-	(48,264)
School administration	226,670	-	-	-	(226,670)	-	(226,670)
Facilities acquisition and construction	61,778	-	-	-	(61,778)	-	(61,778)
Fiscal services	25,651	-	-	-	(25,651)	-	(25,651)
Operation and maintenance services	36,592	-	-	-	(36,592)	-	(36,592)
Total Government Activities	782,485	-	218,519	-	(563,966)	-	(563,966)
Total Business-Type Activities	-	-	-	-	-	-	-
Total Government	\$ 782,485	\$ -	\$ 218,519	\$ -	(563,966)	-	(563,966)
General Revenue							
FEFP fees					534,758	-	534,758
After care program					57,148	-	57,148
Other					27,071	-	27,071
Total General Revenue					618,977	-	618,977
Change in Net Assets					55,011	-	55,011
Net Assets-Beginning					5,372	-	5,372
Net Assets-Ending					\$ 60,383	\$ -	\$ 60,383

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

BALERE LANGUAGE ACADEMY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Total fund balance - total governmental fund \$ 54,549

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

Capital outlay of \$7,103, net of accumulated depreciation
of (\$1,269), are not financial resources and, therefore are
not reported in the funds

5,834

Net Assets of Governmental Activities

\$ 60,383

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

BALERE LANGUAGE ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General	Capital Project	Total Governmental Funds
ASSETS			
Cash and cash equivalent	\$ 112,087	\$ -	\$ 112,087
Prepaid expenses	<u>256</u>	<u>-</u>	<u>256</u>
TOTAL ASSETS	<u>\$ 112,343</u>	<u>\$ -</u>	<u>\$ 112,343</u>
LIABILITIES			
Accounts payable	\$ 16,060	\$ -	\$ 16,060
Accrued expense	10,253	-	10,253
Deferred income	<u>31,481</u>	<u>-</u>	<u>31,481</u>
TOTAL LIABILITIES	<u>57,794</u>	<u>-</u>	<u>57,794</u>
FUND EQUITY			
Unreserved	<u>54,549</u>	<u>-</u>	<u>54,549</u>
TOTAL FUND EQUITY	<u>54,549</u>	<u>-</u>	<u>54,549</u>
TOTAL FUND LIABILITIES AND FUND EQUITY	<u>\$ 112,343</u>	<u>\$ -</u>	<u>\$ 112,343</u>

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

BALERE LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
Revenues:			
FEFP fees	\$ 534,758	\$ -	\$ 534,758
Operating grants and contributions	218,519	-	218,519
After care program	57,148	-	57,148
Other	<u>27,071</u>	<u>-</u>	<u>27,071</u>
Total revenues	<u>837,496</u>	<u>-</u>	<u>837,496</u>
Expenditures:			
Instructional services	341,997	-	341,997
Instructional support services	9,762	-	9,762
Pupil transportation services	24,180	-	24,180
Food services	13,425	-	13,425
Aftercare	48,264	-	48,264
School administration	226,670	-	226,670
Facilities acquisition and construction	61,778	-	61,778
Fiscal services	25,651	-	25,651
Operation and maintenance services	<u>36,592</u>	<u>-</u>	<u>36,592</u>
Total expenditures	<u>788,319</u>	<u>-</u>	<u>788,319</u>
Excess of revenues over expenditures	49,177	-	49,177
Fund balance - July 1, 2004	<u>5,372</u>	<u>-</u>	<u>5,372</u>
Fund balance - June 30, 2005	<u>\$ 54,549</u>	<u>\$ -</u>	<u>\$ 54,549</u>

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

BALERE LANGUAGE ACADEMY
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balance - total government funds

\$ 49,177

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities and change in net assets, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expenses. This is the amount by which capital assets of \$7,103 exceeded depreciation of (\$1,269) in the current period.

5,834

Change in net assets of governmental activities

\$ 55,011

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

BALERE LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
FEFP fees	\$ 534,304	\$ 534,758	\$ 454
Operating grants and contributions	250,000	218,519	(31,481)
After care program	-	57,148	57,148
Other	-	27,071	27,071
Total revenues	<u>784,304</u>	<u>837,496</u>	<u>53,192</u>
Expenditures:			
Instructional services	370,875	341,997	28,878
Instructional support services	21,810	9,762	12,048
Pupil transportation services	-	24,180	(24,180)
Food services	-	13,425	(13,425)
After care	-	48,264	(48,264)
School administration	222,076	226,670	(4,594)
Facilities acquisition and construction	102,257	61,778	40,479
Fiscal services	21,490	25,651	(4,161)
Operation and maintenance services	<u>17,684</u>	<u>36,592</u>	<u>(18,908)</u>
Total expenditures	<u>756,192</u>	<u>788,319</u>	<u>(32,127)</u>
Excess of revenues over expenditures	<u>\$ 28,112</u>	49,177	<u>\$ 21,065</u>
Fund balance - July 1, 2004		<u>5,372</u>	
Fund balance - June 30, 2005		<u>\$ 54,549</u>	

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

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization – Balere Language Academy (“Academy”) was organized in Miami-Dade County, Florida, in March 1999 to provide rich, diverse and meaningful learning experience for the students of Miami-Dade County from kindergarten to eighth grade.

The legal authority for the Academy is Section 228.056(7) Florida Statutes.

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.

2. Government-Wide and Financial Statements

Government-wide Financial Statements

The government-wide financials statements include the statement of net assets and the statement 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, (2) operating grants and contributions which finance annual operating activities including restricted investment income, 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 programs uses.

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

3. 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.

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measure Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

4. Major Fund

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.

5. 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. Estimated useful live, in years, for depreciable assets are as follows:

Furniture, fixture and equipment	5 years
----------------------------------	---------

6. Budgetary

Budget to actual comparison are reflected in the accompanying financial statements for general find type which the Academy has adopted for its operations. The Academy adopts its budget on basis consistent with GAAP.

7. Total (Memorandum Only)

The total data is the aggregate of the fund type and account group. No consolidation or eliminations were made in arriving at the total; thus, this does not present consolidated information. This column is presented for analytical purposes only.

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed.

9. 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.

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 the contract is for ten years ending June 30, 2014, with an option to review for an additional fifteen years. Number of students attending the school for the year ending June 30, 2005, was 103.

NOTE C – GENERAL FIXED ASSETS

Changes in assets during the year ended June 30, 2005 were as follows:

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/05</u>
Office equipment and fixtures	\$ -	\$ 7,103	\$ -	\$ 7,103
	-	7,103	-	7,103
Less: Accumulated depreciation	-	(1,269)	-	(1,269)
Net	<u>\$ -</u>	<u>\$ 5,834</u>	<u>\$ -</u>	<u>\$ 5,834</u>

Depreciation expense and amortization for year ended June 20, 2005, was \$1,269.

NOTE D – 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 the operation of the Academy is depended upon an agreement with the School Board of Miami-Dade County, Florida.

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE E – LEASE AGREEMENT

The Academy leases its administrative and classroom space under operating leases expiring June 14, 2007, with an option of renewal up to two additional periods of three years each, the rent will increase 3% per annum. Rental expense was \$60,000 for the year ended June 30, 2005.

Future minimum lease payments are as follows:

<u>June 30</u>	
2006	\$ 61,800
2007	<u>63,655</u>
Total	<u>\$ 125,455</u>

NOTE F – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Academy carries commercial insurance.

NOTE G – OTHER INFORMATION

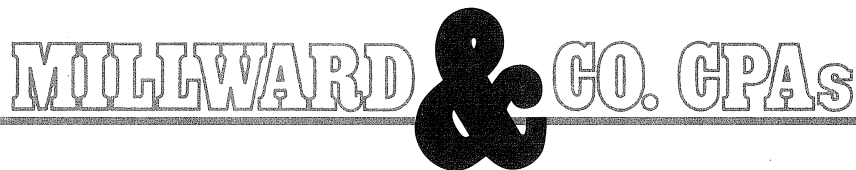
Balere Language Academy located at 10600 Caribbean Blvd., Miami, FL 33189. The Academy director is Ms. Rocka Malik, and the Board of Directors is as follows:

Michael Davis	Chairman
Treesey Weaver	Secretary
Andre Prince	Board member
Jennifer Baker	Board member
Diana Collingwood	Board member

In March 2004, the Academy entered into a contract with a third party for professional services. The School Financial Services, Inc. agreed to provide various financial and accounting services for Academy. The School Financial Services, Inc., located at 32425 Highway 90 East, Bonifay, FL 32425, and the company president is Gary B. Scott. The contract can be cancelled by either party with 30 days advance notice and it was expired on June 30, 2005. The professional fee for the year ending June 30, 2005 was \$15,245.

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

CPA's Name:	Millward & Co., CPAs
CPA's Address:	2745 W. Cypress Creek Road Fort Lauderdale, Florida 33309
License No:	1143963
Status:	Current
Expiration Date:	December 31, 2005



**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**

The Board of Directors
Balere Language Academy
Miami, Florida

We have audited the accompanying financial statements of Balere Language Academy (the "Academy") as of and for the year ended June 30, 2005, and have issued our report thereon dated September 1, 2005. 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 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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Academy's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the Appendix A.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 that are required to be reported under *Government Auditing Standards*.



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, School Board of Miami-Dade County, Florida, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Millward & Co CPAs

Millward & Co. CPAs
Ft. Lauderdale, Florida
September 1, 2005

MANAGEMENT LETTER

To the Board of Directors
Balere Language Academy
Miami, Florida

We have audited the financial statements of Balere Language Academy ("Academy") as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated September 1, 2005.

We have 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 Compliance and on Internal Control over financial Reporting based on the audit of the financial statements performed in accordance with *Government Auditing Standards*, dated September, 2005, and it should be considered in conjunction with this management letter.

In planning and performing our audit, we considered the Academy's internal control 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 the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the 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 the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550 and 10.850, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 18.856(2)) state that a management letter shall include a statement as to whether or not inaccuracies, shortages, defalcations, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit have been corrected. There were no such matters in the preceding annual financial audit.

The Rules of the Auditor General (Section 10.856(2)) state that a management letter shall include a statement as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no such matters in the proceeding year.

The Academy complied with Florida Statutes 218.415 local government investment policies.



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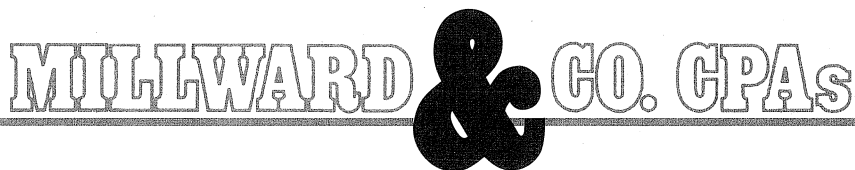
We have applied financial condition assessment procedures pursuant to Rule 10.556 (8).

The official title of the Academy is Balere Language Academy

This management letter is intended solely for the information and use of the Board members, management, and the State of Florida Office of the Auditor General, School Board of Miami-Dade County, Florida, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Millward & Co CPAs

Millward & Co. CPAs
Fort Lauderdale, Florida
September 1, 2005



BALERE LANGUAGE ACADEMY
JUNE 30, 2005

Appendix A

To the Board of Directors
Balere Language Academy
Miami, Florida

In planning and performing our audit of the financial statements of Balere Language Academy for the year ended June 30, 2005, we considered the Academy's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on the Academy's internal control in our report dated September 1, 2005. This letter does not affect our report dated September 1, 2005, on the financial statements of Balere Language Academy.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with Academy personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Finding

During our audit we noted that the after care activities were posted in separate ledger and not included in the Academy financial statements. We also noted that no segregation of duties exist, the after school program director collect and deposit funds in the bank.

Recommendation

We recommend that all financial activities of the Academy's be recorded in one general ledger and reported in the financial statement. To the extent possible, the duties of after care should be segregated.

Management Response

Management will implement the recommendation.

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, School Board of Miami-Dade County, Florida, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Millward & Co. CPAs

Millward & Co. CPAs
Fort Lauderdale, Florida
September 1, 2005

