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AND FISCAL OPTIONS  
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**FLORIDA INTERNATIONAL  
ACADEMY, INC.**

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2005



**KEEFE, McCULLOUGH & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

FLORIDA INTERNATIONAL ACADEMY, INC.  
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
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June 30, 2005

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# MANAGEMENT'S DISCUSSION AND ANALYSIS



**KEEFE, McCULLOUGH & CO., LLP**  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and the general fund of Florida International Academy, Inc. (a component unit of the Miami-Dade County Public School District), as of and for the year ended June 30, 2005, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Florida International Academy, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

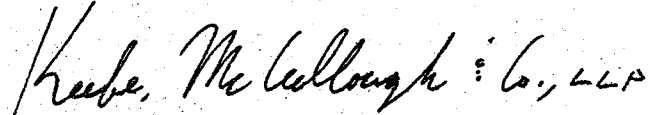
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of Florida International Academy, Inc., as of 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.

In accordance with Government Auditing Standards, we have also issued our report dated August 11, 2005, on our consideration of Florida International Academy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 should be considered in assessing the results of our audit.

Florida International Academy, Inc.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 16, respectively, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 11, 2005

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2005

Our discussion and analysis of Florida International Academy, Inc.'s (the School) financial performance provides an overview of the School's financial activities for the year ended June 30, 2005. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to 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, which consists of the following two 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 the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 7-8 of this report.

### **Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 9-10 of this report.

FLORIDA INTERNATIONAL ACADEMY, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005

Notes to Financial Statements:

The notes 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 financial statements can be found on pages 11-15 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on page 16 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net assets.

Florida International Academy, Inc.'s Net Assets

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Variances</u>
Current Assets	\$ 253,952	\$ 63,044	\$ 190,908
Noncurrent Assets	<u>87,299</u>	<u>54,839</u>	<u>32,460</u>
Total assets	\$ <u>341,251</u>	\$ <u>117,883</u>	\$ <u>223,368</u>
Liabilities	\$ <u>126,738</u>	\$ <u>77,243</u>	\$ <u>49,495</u>
Net Assets:			
Invested in property and equipment	72,299	39,839	32,460
Unrestricted	<u>142,214</u>	<u>801</u>	<u>141,413</u>
Total net assets	<u>214,513</u>	<u>40,640</u>	<u>173,873</u>
Total liabilities and net assets	\$ <u>341,251</u>	\$ <u>117,883</u>	\$ <u>223,368</u>

A portion of the School's net assets reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2005, the School had no restricted assets. The remaining balance, unrestricted, may be used to meet the School's ongoing obligations.

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2005

Florida International Academy, Inc.'s Change in Net Assets

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Variances</u>
Revenues:			
General revenues	\$ 1,297,389	\$ 1,138,741	\$ 158,648
Program revenues:			
Capital outlay funds	109,301	111,239	(1,938)
Operating grants and contributions	<u>718,707</u>	<u>277,610</u>	<u>441,097</u>
Total revenues	<u>2,125,397</u>	<u>1,527,590</u>	<u>597,807</u>
Expenses:			
Instruction	1,012,166	686,659	(325,507)
Operation of plant	349,687	337,200	(12,487)
Administration	213,511	215,009	1,498
Pupil transportation services	145,938	141,188	(4,750)
Food services	123,705	103,438	(20,267)
Fiscal services	95,744	105,692	9,948
Board	10,672	31,314	20,642
Community services	<u>101</u>	<u>718</u>	<u>617</u>
Total expenses	<u>1,951,524</u>	<u>1,621,218</u>	<u>(330,306)</u>
Change in net assets	173,873	(93,628)	267,501
Net assets, July 1, 2004	<u>40,640</u>	<u>134,268</u>	<u>(93,628)</u>
Net assets, June 30, 2005	\$ <u>214,513</u>	\$ <u>40,640</u>	\$ <u>173,873</u>

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

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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 the School's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the School. At the end of the year 2005, unreserved fund balance of the General Fund was \$ 142,214, an increase of \$ 141,413 over the prior year. Key factors in this increase are as follows:

- Extension of the 21st Century Learning Grant through the summer.
- Increase in revenues over expenditures from the prior year.



**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2005

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and final amended budget can be briefly summarized as follows:

- FEFP income decreased due to a decrease in student enrollment from a projected enrollment of 260 to an actual enrollment of 247.
- An increase in Federal funds due to the receipt of two major grants, Title I School Improvement Grant and 21st Century Learning Grant.
- A decrease in salaries in the General Fund due to reduced student enrollment.
- An increase in food costs due to an increase in the cost of lunches.
- An increase in maintenance costs due to the replacement of the air conditioning system.

Differences between the final amended budget and actual amounts, budgetary basis can be briefly summarized as follows:

- Extension of 21<sup>st</sup> Century Grant funds into new fiscal year.

**PROPERTY AND EQUIPMENT AND DEBT ADMINISTRATION**

The School's investment in capital assets as of June 30, 2005 amounts to \$ 72,299 net of accumulated depreciation. This investment in capital assets is composed of School improvements and equipment.

**ECONOMIC FACTORS**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2005 include:

- Increased student enrollment based on prior years academic success.
- Title I School Improvement fund allocation is greatly reduced in fiscal year 2005-2006.

# FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL ACADEMY, INC.  
STATEMENT OF NET ASSETS  
June 30, 2005

A S S E T S

CURRENT ASSETS:

Cash	\$ 216,757
Accounts receivable	<u>37,195</u>
Total current assets	<u>253,952</u>

NONCURRENT ASSETS:

Deposit	15,000
Property and equipment, depreciable	119,453
Less: accumulated depreciation	<u>(47,154)</u>
Total noncurrent assets	<u>87,299</u>

Total assets	\$ <u><u>341,251</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 50,341
Accrued payroll and related taxes	<u>76,397</u>
Total liabilities	<u>126,738</u>

NET ASSETS:

Invested in property and equipment	72,299
Unrestricted	<u>142,214</u>
Total net assets	<u>214,513</u>
Total liabilities and net assets	\$ <u><u>341,251</u></u>

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

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2005

		<u>Program Revenues</u>		<u>Governmental Activities</u>
	<u>Expenditures</u>	<u>Capital Outlay Funds</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Instruction	\$ 1,012,166	\$ --	\$ 657,513	\$ (354,653)
Operation of plant	349,687	109,301	--	(240,386)
Administration	213,511	--	--	(213,511)
Pupil transportation services	145,938	--	61,194	(84,744)
Food services	123,705	--	--	(123,705)
Fiscal services	95,744	--	--	(95,744)
Board	10,672	--	--	(10,672)
Community services	<u>101</u>	<u>--</u>	<u>--</u>	<u>(101)</u>
Total governmental activities	\$ <u>1,951,524</u>	\$ <u>109,301</u>	\$ <u>718,707</u>	<u>(1,123,516)</u>
General revenues:				
FTE non-specific revenues				1,290,131
Miscellaneous revenue				7,048
Investment earnings				<u>210</u>
Total general revenues				<u>1,297,389</u>
Change in net assets				173,873
Net assets:				
July 1, 2004				<u>40,640</u>
June 30, 2005				\$ <u>214,513</u>

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

FLORIDA INTERNATIONAL ACADEMY, INC.  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2005

	A S S E T S	<u>General Fund</u>
ASSETS:		
Cash		\$ 216,757
Accounts receivable		37,195
Deposit		<u>15,000</u>
Total assets		\$ <u>268,952</u>

L I A B I L I T I E S   A N D   F U N D   B A L A N C E

LIABILITIES:		
Accounts payable		\$ 50,341
Accrued payroll and related taxes		<u>76,397</u>
Total liabilities		126,738
FUND BALANCE:		
Unrestricted		<u>142,214</u>
Total liabilities and fund balance		\$ <u>268,952</u>

Reconciliation of the governmental fund balance sheet to the statement of net assets:

GOVERNMENTAL FUND BALANCE:	\$ 142,214
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.

The cost of property and equipment is	\$ 119,453	
Accumulated depreciation is	<u>(47,154)</u>	<u>72,299</u>

Net assets of governmental activities	\$ <u>214,513</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY, INC.  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE - GOVERNMENTAL FUND  
For the Year Ended June 30, 2005

	<u>General Fund</u>
REVENUES:	
State sources	\$ 1,399,432
Federal sources	714,260
Local sources	<u>11,705</u>
Total revenues	<u>2,125,397</u>
EXPENDITURES:	
Current -	
Instruction	995,323
Operations of plant	398,990
Administration	213,511
Pupil transportation services	145,938
Food service	123,705
Fiscal services	95,744
Board	10,672
Community service	<u>101</u>
Total expenditures	<u>1,983,984</u>
Net increase in fund balance	141,413
FUND BALANCE, July 1, 2004	<u>801</u>
FUND BALANCE, June 30, 2005	\$ <u><u>142,214</u></u>
NET DECREASE IN FUND BALANCE - GOVERNMENTAL FUND:	\$ 141,413
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as provision for depreciation.	
The cost of property and equipment purchased	\$ 50,303
Provision for depreciation	<u>(17,843)</u>
	<u>32,460</u>
CHANGE IN NET ASSETS ON THE STATEMENT OF ACTIVITIES	\$ <u><u>173,873</u></u>

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

FLORIDA INTERNATIONAL ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

NOTE 1 - ORGANIZATION AND OPERATIONS

Florida International Academy, Inc. (the School), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 228.056, Florida Statutes. The School commenced operations in August, 1998 and now offers classes for grades six through eight in the City of Miami with a student enrollment of 247.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District. The current charter is effective until June 30, 2011, and may be renewed in increments of one year by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. Florida International Academy, Inc. is considered a component unit of the Miami-Dade County Public School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide Not-for-Profit Organizations and provisions of the Florida Statutes, the School is presented as a government organization for financial reporting purposes.

Basic Financial Statements - Government-wide Statements:

The School's financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statement categorize primary activities as either governmental or business type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The School's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. As of June 30, 2005, all of the School's net assets were classified as:

FLORIDA INTERNATIONAL ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Invested in property and equipment	\$ 72,299
Unrestricted	<u>142,214</u>
	\$ <u><u>214,513</u></u>

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements:

The accounts of the School are organized on the basis of funds. The operations of the sole fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The General Fund is employed in accounting for the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions.

Measurement focus and basis of accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose the current period means one year.

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.



FLORIDA INTERNATIONAL ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Leasehold improvements	2-3 years
Office equipment	5 years

Encumbrances:

Encumbrances represent commitments relating to unperformed contracts for goods or services. At June 30, 2005, there were no encumbrances outstanding.

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund by function for the year ended June 30, 2005. The budget has been prepared in accordance with generally accepted accounting principles. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information.

NOTE 4 - CASH

At June 30, 2005 the total carrying amount of the School's cash balances was \$ 216,757. The bank balance at local depositories was \$ 269,043. The School maintains balances at an institution that exceeds Federally insured limits.

NOTE 5 - CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

	Balance <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2005</u>
Capital assets, depreciable:				
Leasehold improvements	\$ 3,784	\$ --	\$ --	\$ 3,784
Office equipment	<u>65,366</u>	<u>50,303</u>	<u>--</u>	<u>115,669</u>
	<u>69,150</u>	<u>50,303</u>	<u>--</u>	<u>119,453</u>
Accumulated depreciation:				
Leasehold improvements	1,206	630	--	1,836
Office equipment	<u>28,105</u>	<u>17,213</u>	<u>--</u>	<u>45,318</u>
	<u>29,311</u>	<u>17,843</u>	<u>--</u>	<u>47,154</u>
Net property and equipment	\$ <u>39,839</u>	\$ <u>32,460</u>	\$ <u>--</u>	\$ <u>72,299</u>

FLORIDA INTERNATIONAL ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2005

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation for the year ended June 30, 2005, amounted to \$ 17,843. The School allocated depreciation \$ 1,000 and \$ 16,843 to supporting services and instructional services, respectively.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the district school board upon the non-renewal or termination of the contract.

NOTE 6 - LEASES

The School leases facilities for operations. The lease requires monthly rent in the amount of \$ 15,000 with increases of 9% annually in July and expires June 30, 2008. In connection with this lease, the rent expense for the year ended June 30, 2005 totaled approximately \$ 189,000.

The School has leases for certain items of equipment payable at \$ 263 and \$ 431 per month until June 2006. In addition, the School is responsible for certain operating expenses. In connection with these leases, the rent expense for the year ended June 30, 2005, totaled approximately \$ 13,690.

Future lease payments are approximately as follows:

Year ending <u>June 30</u>	
2006	\$ 199,350
2007	\$ 216,500
2008	\$ 233,100
Thereafter	\$ NONE

NOTE 7 - CONTINGENCIES AND COMMITMENTS

The School received financial assistance from Federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the School is required to conduct a "single audit" since the required threshold of Federal money is currently \$ 500,000 and the School exceeded such threshold.

The School also has a contract with the management company to assist School management in performing various administrative, operating and financial duties. Under the terms of the agreement, the School will pay \$ 6,500 per month through June 2007. Total expense incurred during the year ended June 30, 2005 relating to this contract was \$ 78,000. This contract can be terminated unilaterally by either party if school enrollment falls below 200 students.

NOTE 8 - INCOME TAXES

The School qualifies as a tax-exempt organization under 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.

## **SUPPLEMENTAL INFORMATION**

**FLORIDA INTERNATIONAL ACADEMY, INC.**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
FTE revenues	\$ 1,311,614	\$ 1,226,412	\$ 1,290,131	\$ --	\$ 1,290,131
Capital outlay funds	110,000	109,496	109,301	--	109,301
Operating grants and contributions	86,561	638,920	639,723	--	639,723
Federal food service reimbursement	72,000	74,537	74,537	--	74,537
Student breakfast/lunches	6,000	4,407	4,447	--	4,447
Miscellaneous income	1,000	4,057	4,066	--	4,066
Donations	--	3,000	2,982	--	2,982
Interest on investments	150	200	210	--	210
<b>Total revenues</b>	<b>1,587,325</b>	<b>2,061,029</b>	<b>2,125,397</b>	<b>--</b>	<b>2,125,397</b>
<b>EXPENDITURES:</b>					
Salaries	732,441	887,793	814,479	--	814,479
Professional services	247,375	318,270	309,120	--	309,120
Rental	202,354	201,825	202,795	--	202,795
Administrative charges	--	--	64,522	--	64,522
Utilities	45,200	54,921	55,143	--	55,143
Employee insurance	83,816	73,398	72,427	--	72,427
Social security	55,986	66,162	62,330	--	62,330
Other personal services	1,000	2,000	1,894	--	1,894
Interest expense	4,650	7,350	7,341	--	7,341
Textbooks	19,552	103,960	63,542	--	63,542
Library books	--	2,500	--	--	--
Supplies	15,211	18,442	21,818	--	21,818
Insurance	14,555	10,000	9,735	--	9,735
Repairs and maintenance	12,000	27,000	25,382	--	25,382
Workers compensation	15,000	15,778	15,712	--	15,712
Provision for depreciation	--	--	--	(1) (17,843)	17,843
Non-professional services	5,400	14,200	14,030	--	14,030
Unemployment taxes	7,637	12,611	12,304	--	12,304
Postage	3,000	3,250	2,320	--	2,320
Travel	3,000	9,100	6,590	--	6,590
Printing	2,700	2,000	1,237	--	1,237
Dues and fees	400	4,450	3,947	--	3,947
Inspections	1,000	1,500	2,084	--	2,084
Gasoline	50	100	94	--	94
Lunches	83,000	100,378	100,245	--	100,245
Equipment	--	24,641	36,703	--	36,703
Computer equipment	--	26,197	2,921	--	2,921
Software	--	46,060	23,636	--	23,636
Other employee benefits	1,500	1,330	1,330	--	1,330
Capital outlay	--	--	50,303	(1) 50,303	--
<b>Total expenditures/expenses</b>	<b>1,556,827</b>	<b>2,035,216</b>	<b>1,983,984</b>	<b>32,460</b>	<b>1,951,524</b>
<b>Excess of revenues over expenditures</b>	<b>30,498</b>	<b>25,813</b>	<b>141,413</b>	<b>32,460</b>	<b>173,873</b>
<b>FUND BALANCE, July 1, 2004</b>	<b>1,500</b>	<b>978</b>	<b>801</b>	<b>(2) 39,839</b>	<b>40,640</b>
<b>FUND BALANCE, June 30, 2005</b>	<b>\$ 31,998</b>	<b>\$ 26,791</b>	<b>\$ 142,214</b>	<b>\$ 72,299</b>	<b>\$ 214,513</b>

**EXPLANATION OF DIFFERENCES:**

- (1) 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 a provision for depreciation. This is the amount by which the provision for depreciation exceeds capital outlays in the current period.

\$ 32,460

- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the School's budget. (See Note 3 for a description of the School's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures and change in fund balance because of the cumulative effect of transactions such as those described above.

## **OTHER AUDITORS' REPORTS**



**KEEFE, McCULLOUGH & CO., LLP**  
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**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**

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

We have audited the financial statements of the Florida International Academy, Inc., (a component unit of the Miami-Dade County Public School District) as of and for the year ended June 30, 2005, and have issued our report thereon dated August 11, 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 Florida International Academy, Inc.'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 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

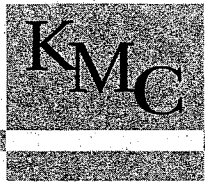
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the 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.

Florida International Academy, Inc.

This report is intended solely for the information and use of School's management, the Board of Directors, Auditor General of the State of Florida and various other governmental agencies and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 11, 2005



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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS**

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

This letter is written in connection with our audit of the financial statements of Florida International Academy, Inc., (a component unit of the Miami-Dade Public School District) as of and for the year ended June 30, 2005. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules, regulations or contractual provisions reported for the preceding audit.
2. There were no recommendations made relating to the preceding audit.
3. There were no recommendations to improve the School's financial management.
4. There were no violations of laws, rules, regulations or contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered during our audit.
6. There were no other matters requiring correction discovered during our audit, relating to improper or inadequate accounting procedures, improperly recorded transactions, fraud or other reportable conditions.

*Keefe, McCullough & Co., LLP*  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 11, 2005