

ARCHIMEDEAN ACADEMY, INC.
MIAMI, FLORIDA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006

MANAGEMENT AND
BOARD OF DIRECTORS
2006 SEP 19 PM 2:0

STEWART GREENBERG
2006 SEP 12 AM 10:53

TABLE OF CONTENTS

General Information	1	
Independent Auditors' Report.	2-3	
Management's Discussion and Analysis (Required Supplementary Information)	4-8	
Basic Financial Statements:		
<i>Government-wide Financial Statement:</i>		
Statement of Net Assets	9	
Statement of Activities and Change in Net Assets	10	
<i>Fund Financial Statements:</i>		
Balance Sheet	11	
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.	12	
Statement of Revenues, Expenditures and Changes in Fund Balance	13	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	14	
Notes to the Basic Financial Statements	15-20	
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual	21	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Performed in Accordance with <i>Government Auditing Standards</i>		22-23
Management Letter	24-25	
Management's Response to Auditors' Findings.	26	

ARCHIMEDEAN ACADEMY, INC.

12425 S.W. Sunset Drive

Miami, Florida 33183

(305) 279-6572

2005-2006

BOARD OF DIRECTORS

George Kafkoulis, Chairman, President

Aleco Haralambides, Director, Vice President

Dr. Christodoulos Christodoulou, Treasurer, Secretary

Alexandros Platon Alexandrakis, Director

SCHOOL ADMINISTRATION

Patricia Booth, Principal

INDEPENDENT AUDITORS' REPORT

Board of Directors
Archimedean Academy, Inc.
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Archimedean Academy, Inc., (the "School") a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2006, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2005 financial statements and, in our report dated August 19, 2006 we expressed unqualified opinions on the respective financial statements of the governmental activities and the general fund.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Archimedean Academy, Inc., as of June 30, 2006 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 25, 2006, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 8 and the Schedules of Revenues, Expenditures and Changes in Fund Balance—budget to actual on page 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 25, 2006

Management's Discussion and Analysis
Archimedean Academy, Inc.
June 30, 2006

The corporate officers of the Archimedean Academy, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2006.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2006 by \$124,613 (net assets).
2. At year-end, the School had current assets on hand of \$491,419
3. The net assets of the School increased by \$87,342 during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2006 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

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

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School’s budget.

The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 - 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the School exceeded its liabilities at June 30, 2006 by \$87,342. As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. A summary of the School’s net assets as of June 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Cash	\$ 322,798	\$ 36,359
Accounts Receivable	85,065	13,730
Due from Other Agencies	83,556	44,417
Deposits	21,201	21,201
Capital Assets	<u>524,282</u>	<u>225,756</u>
Total Assets	<u>\$ 1,036,902</u>	<u>\$ 341,463</u>
Accounts Payable and Accrued Liabilities	<u>\$ 912,289</u>	<u>\$ 304,192</u>
Total Liabilities	<u>\$ 912,289</u>	<u>\$ 304,192</u>
Invested in Capital Assets, net of related debt	\$ 37,920	\$ 216,905
Unrestricted	<u>86,693</u>	<u>(179,634)</u>
Total Net Assets	<u>\$ 124,613</u>	<u>\$ 37,271</u>

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 50,962	\$ -
Capital Outlays and Contributions	177,691	120,727
General Revenues		
Government Grants Not Restricted to Specific Programs	2,554,210	1,594,686
Charges for Services	703,882	313,057
Other Revenue	<u>133,087</u>	<u>124,281</u>
Total Revenues	<u>\$ 3,619,832</u>	<u>\$ 2,152,751</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 1,485,283	\$1,001,890
Pupil Personnel Services	-	300
Instructional Staff Training Services	10,300	11,023
Board	88,948	12,680
School Administration	460,766	343,856
Facilitation Acquisition and Construction	32,630	26,881
Fiscal Services	70,987	35,563
Food Services	147,415	111,917
Central Services	73,847	37,776
Pupil Transportation Services	-	2,400
Operation of Plant	733,712	357,427
Maintenance of Plant	15,116	11,045
Community Services	399,618	159,041
Interest	<u>13,868</u>	<u>10,208</u>
Total Expenses	<u>3,532,490</u>	<u>2,122,007</u>
Change in Net Assets	87,342	30,744
Net Assets at Beginning of Year	<u>37,271</u>	<u>6,527</u>
Net Assets at End of Year	<u>\$ 124,613</u>	<u>\$ 37,271</u>

Archimedean Academy's revenue increased by \$1,467,081 in the current year primarily due to an increase in student enrollment. The School also had an increase of expenses for the year of \$1,410,483. In addition, the school increased its capital assets by \$298,526. The School had an increase in its net assets of \$87,342 for the year.

Lease of Facility

The School is located at 12425 SW 72nd Street (Sunset Drive), Miami-Dade, Florida, 33183.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

Achievements

Archimedean Academy ranked as one of the top performing elementary schools in Miami-Dade County. The school earned a letter grade of “A” during the 2005-2006 school year, and received a School Recognition Award from the Florida Department of Education. It also achieved Adequate Yearly Progress under *No Child Left Behind*.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

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

Governmental Funds

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

Capital Assets

The School’s investment in capital assets as of June 30, 2006 amounts to \$524,282 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment.

General Fund Budget Analysis and Highlights

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

	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Operating Grants and Contributions	\$ 50,000	\$ 50,000	\$ 50,962
Capital Outlays and Contributions	160,000	175,000	177,691
General Revenues			
Government Grants Not Restricted to Specific Programs	2,550,000	2,550,000	2,554,710
Charges for Services	700,000	700,000	703,882
Other Revenue	<u>140,000</u>	<u>140,000</u>	<u>161,906</u>
Total Revenues	<u>\$ 3,600,000</u>	<u>\$ 3,615,000</u>	<u>\$ 3,649,151</u>
EXPENSES			
Component Unit Activities:			
Instruction	\$ 1,500,800	\$ 1,527,500	\$ 1,514,602
Instructional Staff Training Services	12,100	12,100	10,300
Board	90,000	90,000	88,948
School Administration	469,800	469,800	460,766
Facilitation Acquisition and Construction	33,500	33,500	32,630
Fiscal Services	75,000	75,000	70,987
Food Services	151,700	151,700	147,415
Central Services	75,000	75,000	73,847
Operation of Plant	736,500	736,500	733,712
Maintenance of Plant	15,600	15,600	15,116
Community Services	405,000	405,000	399,618
Interest	<u>15,000</u>	<u>15,000</u>	<u>13,868</u>
Total Expenses	<u>\$ 3,580,000</u>	<u>\$ 3,606,700</u>	<u>\$ 3,561,809</u>

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC (f/k/a Academica, Corp.), 6255 Bird Road, Miami, Florida, 33155.

ARCHIMEDEAN ACADEMY, INC.

A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>2006</u>	<u>2005</u> (Summarized Comparative Information)
ASSETS		
CURRENT ASSETS		
Cash	\$ 322,798	\$ 36,359
Accounts receivable, no allowance necessary	83,065	13,730
Due from other agencies	85,556	44,417
TOTAL CURRENT ASSETS	<u>491,419</u>	<u>94,506</u>
CAPITAL ASSETS		
Building, improvements and fixed equipment	304,552	46,276
Less accumulated depreciation	(19,835)	(1,790)
Furniture, equipment and textbooks	263,911	205,148
Less accumulated depreciation	(57,863)	(37,345)
Audiovisual materials	44,045	17,810
Less accumulated depreciation	(10,528)	(4,343)
	<u>524,282</u>	<u>225,756</u>
DEPOSITS	<u>21,201</u>	<u>21,201</u>
TOTAL ASSETS	<u>\$ 1,036,902</u>	<u>\$ 341,463</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Salaries and wages payable	\$ 139,677	\$ 84,608
Accounts payable	278,864	184,264
Due to other charter school	7,386	-
Line of credit and note payable, current portion	-	26,469
TOTAL CURRENT LIABILITIES	<u>425,927</u>	<u>295,341</u>
Due to management company	350,137	-
Note Payable, long term portion	136,225	8,851
TOTAL LIABILITIES	<u>912,289</u>	<u>304,192</u>
NET ASSETS		
Invested in capital assets, net of related debt	37,920	190,436
Unrestricted	86,693	(153,165)
TOTAL NET ASSETS	<u>124,613</u>	<u>37,271</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,036,902</u>	<u>\$ 341,463</u>

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

ARCHIMEDEAN ACADEMY, INC.

A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS	2006				2005	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	Summarized Comparative Information
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
Component Unit Activities:						
Instruction	\$1,485,283	\$ 134,561	\$ 50,962	\$ -	\$ (1,299,760)	\$ (1,001,890)
Pupil Personnel Services	-	-	-	-	-	-
Instruction and Curriculum Development Services	-	-	-	-	-	(300)
Instructional Staff Training Services	10,300	-	-	-	(10,300)	(11,023)
Board	88,948	-	-	-	(88,948)	(12,680)
School Administration	460,766	-	-	-	(460,766)	(343,856)
Facilities acquisition and construction	32,630	-	-	-	(32,630)	(26,881)
Fiscal Services	70,987	-	-	-	(70,987)	(35,563)
Food Services	147,415	177,830	-	-	30,415	(35,737)
Central Services	73,847	-	-	-	(73,847)	(37,776)
Pupil Transportation Services	-	-	-	-	-	(2,400)
Operation of Plant	733,712	-	-	177,691	(556,021)	(236,700)
Maintenance of Plant	15,116	-	-	-	(15,116)	(11,045)
Community Services	399,618	391,491	-	-	(8,127)	77,836
Interest	13,868	-	-	-	(13,868)	(10,208)
Total Component Unit Activities	3,532,490	703,882	50,962	177,691	(2,599,955)	(1,688,223)
GENERAL REVENUES:						
					2,554,210	1,594,686
					133,087	124,281
					87,342	30,744
					37,271	6,527
					\$ 124,613	\$ 37,271

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

ARCHIMEDEAN ACADEMY, INC.

A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY

BALANCE SHEET

JUNE 30, 2006

	2006			2005	
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
ASSETS					
Cash	\$ 224,893	\$ 55,390	\$ 42,515	\$ 322,798	\$ 36,359
Accounts receivable, no allowance necessary	2,727	80,338	-	83,065	13,730
Due from other agencies	49,325	-	36,231	85,556	44,417
Deposits	21,201	-	-	21,201	21,201
Due to / from funds	116,569	(80,338)	(36,231)	-	-
TOTAL ASSETS	\$ 414,715	\$ 55,390	\$ 42,515	\$ 512,620	\$ 115,707
LIABILITIES					
Salaries and wages payable	\$ 139,677	\$ -	\$ -	\$ 139,677	\$ 84,608
Line of credit	-	-	-	-	-
Accounts payable	286,250	-	-	286,250	184,264
TOTAL LIABILITIES	425,927	-	-	425,927	268,872
FUND BALANCE					
Unreserved	(11,212)	55,390	42,515	86,693	(153,165)
TOTAL FUND BALANCE	(11,212)	55,390	42,515	86,693	(153,165)
TOTAL LIABILITIES AND FUND BALANCE	\$ 414,715	\$ 55,390	\$ 42,515	\$ 512,620	\$ 115,707

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

ARCHIMEDEAN ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Fund Balance - Governmental Funds \$ 86,693

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

Capital assets of \$612,508, net of accumulated depreciation of \$88,226, used in governmental activities are not financial resources and therefore are not reported in the fund. 524,282

Long term liabilities, of \$486,362, are not due and payable in the current period and therefore, are not reported in the funds. (486,362)

Total Net Assets - Governmental Activities \$ 124,613

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

ARCHIMEDEAN ACADEMY, INC.

A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2006

	2006				2005
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	Summarized Comparative Information
REVENUES					
Capital Outlay Funding	\$ -	\$ -	\$ 177,691	\$ 177,691	\$ 120,727
Local Sources	2,554,210	-	-	2,554,210	1,594,686
Other Grants	-	50,962	-	50,962	-
Other Revenue	133,087	-	-	133,087	124,281
Charges for Services	-	703,882	-	703,882	313,057
Total Revenues	\$ 2,687,297	\$ 754,844	\$ 177,691	\$ 3,619,832	\$ 2,152,751
EXPENDITURES					
Current:					
Instruction	1,278,546	185,523	-	1,464,069	\$ 975,650
Pupil Personnel Services	-	-	-	-	-
Instruction Curriculum Services	-	-	-	-	300
Instructional Staff Training Services	10,300	-	-	10,300	11,023
Board	88,948	-	-	88,948	12,680
General Administration	-	-	-	-	-
School Administration	460,500	-	-	460,500	343,590
Facilities acquisition	12,670	-	-	12,670	25,354
Fiscal Services	70,989	-	-	70,989	35,563
Food Services	-	146,538	-	146,538	111,844
Central Services	73,847	-	-	73,847	37,776
Pupil Transportation Services	-	-	-	-	2,400
Operation of Plant	554,667	-	177,691	732,358	356,753
Maintenance of Plant	14,038	-	-	14,038	10,506
Community Services	8,126	391,491	-	399,617	159,040
Capital Outlay:					
Other Capital Outlay	343,274	-	-	343,274	157,912
Debt Service:					
Redemption of Principal	35,320	-	-	35,320	-
Interest expense	13,868	-	-	13,868	10,208
Total Expenditures	2,965,093	723,552	177,691	3,866,336	2,250,599
Excess (Deficiency) of Revenues Over Expenditures	(277,796)	31,292	-	(246,504)	(97,848)
OTHER FINANCING SOURCES	486,362	-	-	486,362	35,320
Net change in fund balance	208,566	31,292	-	239,858	(62,528)
Fund Balance at beginning of year	(255,522)	102,357	-	(153,165)	(90,637)
Fund Balance at end of year	\$ (46,956)	\$ 133,649	\$ -	\$ 86,693	\$ (153,165)

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

ARCHIMEDEAN ACADEMY, INC.

A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Change in Fund Balance - Governmental Funds \$ 239,858

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$343,274 exceed depreciation expense of \$44,748. 298,526

The proceeds from debt issuance provide current financial resources to governmentatl funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds of \$486,362 exceeded repayments of \$35,320 in the current period. (451,042)

Change in Net Assets of Governmental Activities \$ 87,342

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

ARCHIMEDEAN ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 – ORGANIZATION AND OPERATIONS

Archimedean Academy, Inc., (the "School"), is a not-for-profit charter school located in Miami, Florida for children from kindergarten through fifth grade. The School operates under a charter granted by the sponsoring district, the Miami-Dade County Public School District. The current charter is effective until June 30, 2012 and is renewable for an additional 15 years by a mutual written agreement between the School and the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of such District. Archimedean Academy, Inc. is funded by the Miami-Dade County Public School District and in addition, receives government grants.

These financial statements are for the year ended June 30, 2006, when 473 students were enrolled for the school year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue funds and capital project are reported as separate columns in the fund financial statements:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.

Capital Projects Fund – accounts for funds received from the Public Education Outlay program, which are used for the rent of facilities and other allowable capital expenditures.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

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

Cash

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Other Assets

Other assets consist mainly on prepaid expenses, which are paid upon the receipt of the goods or services that were received but not consumed at year end. The expenditure will be recorded when the asset is used.

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. Long term liabilities are due in more than one year.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

ARCHIMEDEAN ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. 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 operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10-20 Years
Furniture, Equipment and Textbooks	5 Years
Audiovisual Materials	5 Years

Revenue Sources

Revenues for operations will be received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

Finally, the School may also receive Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended.

Compensated Absences

The School grants a specific number of days of vacation/sick/personal leave. Full time instructional employees are eligible for one day per month up to ten days of active work during the ten month period. Employees and administrators wishing to carry forward unused vacation days, at year-end, may do so. The employee can only cash out if they have used three days or less of their vacation days in that school year. The employees cannot cash out more than ten days per school year and are required to always maintain a minimum of ten days unused vacation. The cash out value is eighty percent of their daily rate.

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, requires governmental agencies to record as a liability the vested and future rights to sick and/or vacation leave. Accordingly, the financial statements include an accrual for such vested rights.

ARCHIMEDEAN ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions with Affiliates

The School has been granted a Charter by the sponsoring district and operates and reports under that charter. However, the School may be part of a corporation which includes several other charter schools. These financial statements report the financial condition and operations of the charter school only and not of the corporation. In the normal course of its business, the School may transact with other affiliated charter schools that are part of the corporation including the sharing of facilities and expenses. See notes in these financial statements as to transactions with other schools and operating leases and other commitments.

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 reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the June 30, 2005 financial statements have been reclassified to conform to the June 30, 2006 presentation.

NOTE 3 – 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.

NOTE 4 – DUE FROM AGENCIES

Due from other agencies is comprised of amounts due from the Miami-Dade School Board and other as follows:

Capital Outlay	\$ 36,231
School Recognition Award	47,325
Other	<u>2,000</u>
	<u>\$ 85,556</u>

ARCHIMEDEAN ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 5– CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2006:

	Balance 07/01/05	Additions	Retirements	Balance 06/30/06
Capital Assets				
Improvements and Fixed Equipment	\$ 46,276	\$ 258,276	\$ -	\$ 304,552
Furniture, Equipment and Textbooks	205,148	58,763	-	263,911
Audiovisual Materials	<u>17,810</u>	<u>26,235</u>	<u>-</u>	<u>44,045</u>
Total Capital Assets	<u>269,234</u>	<u>343,274</u>	<u>-</u>	<u>612,508</u>
Less Accumulated Depreciation				
Building and Fixed Equipment	(1,790)	(18,045)	-	(19,835)
Furniture, Equipment and Textbooks	(37,345)	(20,518)	-	(57,863)
Audiovisual Materials	<u>(4,343)</u>	<u>(6,185)</u>	<u>-</u>	<u>(10,528)</u>
Total Accumulated Depreciation	<u>(43,478)</u>	<u>(44,758)</u>	<u>-</u>	<u>(88,226)</u>
Capital Assets, net	<u>\$ 225,756</u>	<u>\$ 298,526</u>	<u>\$ -</u>	<u>\$ 524,282</u>

Depreciation expense for the year ended June 30, 2006 was \$44,758 and has been allocated to various functions in the Statement of Activities.

NOTE 6 – ORGANIZATION’S MANAGEMENT

The School has entered into an agreement with Academica Dade, LLC (f/k/a Academica, Corp.), a professional Charter School management company, to provide management and administrative services to the School. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of a school. The contract calls for a fee of \$450 per student per year and is renewable annually. During the year ended June 30, 2006, the School incurred \$212,963, in management fees. At year end, the School owed the management company approximately \$18,000 for past due current year management fees and \$350,137 for prior year management fees. This balance is included in accounts payable and long term liabilities.

Academica Dade, LLC (f/k/a Academica, Corp.) is located at 6255 Bird Road, Miami, Florida 33155 as of June 30, 2006 its officers are:

Fernando Zulueta, President
Magdalena Fresen, Vice President, Treasurer
Amy Nunez, Secretary

NOTE 7 – LINE OF CREDIT

During 2006, the School obtained a line of credit from the management company to be used on an as-needed basis. The balance of the line of credit as of June 30, 2006 was \$0.

NOTE 8 – LONG-TERM DEBT

The School has a note payable to a financial institution with a balance of \$136,225 at June 30, 2006. The note is secured by equipment and matures in 2008. Interest on the note accrues at Prime plus .75% annually.

ARCHIMEDEAN ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 9 – COMMITMENTS UNDER OPERATING LEASES/ CONTINGENCIES

The School leases its campus from Archimedean Properties, LLC pursuant to a lease term from July 2005 through June 2008. The School shares its facilities with Archimedean Middle Conservatory and lease payments are allocated 88% to the School and 12% to the Conservatory. Monthly lease payments are approximately \$51,000.

In addition, the School leases office equipment payable at approximately \$1,300 each month through September 2007.

Total rent expense for the year ended June 30, 2006 was approximately \$662,000.

Future minimum payments under the operating leases for the next years until maturity are as follows:

Fiscal Year	
2007	\$ 609,500
2008	\$ 609,500

Finally, the School carries comprehensive liability insurance for claims that may arise in the regular course of business. At the present time, management believes that any claims the school may have are insured and that any expense associated therewith will not materially affect the financial position of the School.

NOTE 10 – DEPOSITS POLICY AND CREDIT RISK

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

As of June 30, 2006, the carrying amount of the School's deposits was \$281,288 and the respective bank balances totaled \$322,799. Out of the total bank balances \$100,000 were covered by the Federal Depository Insurance Corporation (FDIC).

NOTE 11 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 12 – TRANSACTION WITH OTHER SCHOOLS

The School received an advance from Archimedean Middle Conservatory of \$7,386 and this amount has been recorded as a payable at June 30, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

ARCHIMEDEAN ACADEMY, INC.

A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Program Revenues			
Operating Grants and Contributions	\$ 50,000	\$ 50,000	\$ 50,962
Capital Outlays and Contributions	160,000	175,000	177,691
General Revenues			
Government Grants Not Restricted to Specific Programs	2,550,000	2,550,000	2,554,710
Charges for Services	700,000	700,000	703,882
Other Revenue	140,000	140,000	161,906
TOTAL REVENUES	<u>\$ 3,600,000</u>	<u>\$ 3,615,000</u>	<u>\$ 3,649,151</u>
EXPENDITURES			
Component Unit Activities:			
Instruction	\$ 1,500,800	\$ 1,527,500	\$ 1,514,602
Instruction Staff Training Services	12,100	12,100	10,300
Board	90,000	90,000	88,948
School Administration	469,800	469,800	460,766
Facilitation Acquisition and Construction	33,500	33,500	32,630
Fiscal Services	75,000	75,000	70,987
Food Services	151,700	15,700	147,415
Central Services	75,000	75,000	73,847
Operation of Plant	736,500	736,500	733,712
Maintenance of Plant	15,600	15,600	15,116
Community Services	405,000	405,000	399,618
Interest	15,000	15,000	13,868
TOTAL EXPENDITURES	<u>\$ 3,580,000</u>	<u>3,606,700</u>	<u>\$ 3,561,809</u>

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

PEDRO M. DE ARMAS, C.P.A.
OCTAVIO A. VERDEJA, C.P.A.
OCTAVIO F. VERDEJA, C.P.A.

JORGE M. MORALES, C.P.A.
ALEJANDRO M. TRUJILLO, C.P.A.
TAB VERDEJA, C.P.A.

Board of Directors of
Archimedean Academy, Inc.
Miami, Florida

We have audited the financial statements of Archimedean Academy, Inc. as of, and for the year ended June 30, 2006, and have issued our report thereon dated August 25, 2006. We conducted our audits 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.

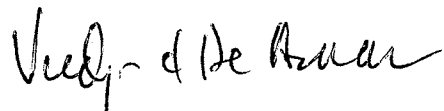
Internal Control Over Financial Reporting

In planning and performing our audits, we considered Archimedean 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 an opinion 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. However, we noted certain matters that we reported to management of Archimedean Academy, Inc. in a separate management letter which is included in this reporting package.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management and regulatory bodies. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 25, 2006

MANAGEMENT LETTER

Board of Directors of
Archimedean Academy, Inc.
Miami, Florida

This letter is written in connection with our audit of the basic financial statements of Archimedean Academy, Inc. as of and for the year ended June 30, 2006. The purpose for 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, Charter School Audits which requires that this report specifically address but not limit to the matters outlined in Rule 10.854(i)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations and/or violations of laws, rules, regulations or contractual provisions reported for the preceding audit.
2. Prior year findings and recommendations were followed. (See below.)
3. The following are recommendations to improve the School's financial management, accounting procedures and internal controls:

CURRENT YEAR FINDINGS

Observation

The School has significant long term liabilities of approximately \$485,000 on its Statement of Net Assets.

Recommendation

The School should reduce its long term liabilities by improving its operations including the increase in student enrollment, revenues, and reduction of expenses.

PRIOR YEAR FINDINGS

Operations

Observation

The School had a negative change in fund balance of \$82,528 in the governmental fund financials.

Recommendation

The School must increase its revenues or reduce its expenses in the upcoming year.

Financial position

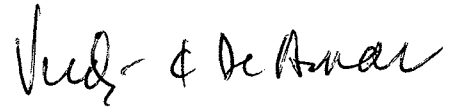
Observation

The School's current liabilities of \$295,041 are substantially higher than its current assets of \$94,506. In addition, the School has unrestricted net assets of negative \$(179,634).

Recommendation

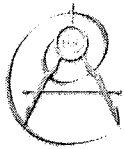
The School must improve its financial position by generating more revenues than expenses, reducing its liabilities and increasing cash on hand.

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, relating to improper or inadequate accounting procedures, improperly recorded transactions, fraud or other reportable conditions.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 25, 2006



ARCHIMEDEAN
ACADEMY



Archimedean Academy

September 5, 2006

Mr. Octavio Verdeja, Jr.
Verdeja & Gravier, CPA
201 Alhambra Circle, Ste 901
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S OBSERVATIONS

Dear Mr. Verdeja:

The following is the response by the School's Board of Directors to your observation:

CURRENT YEAR FINDINGS:

Observation

The School has significant long term liabilities of approximately \$450,000 on its Statement of Net Assets.

Management Response

The school is on a gradual path toward increasing enrollment in its educational program. Since the school has a dual language immersion curriculum, enrollment growth must be moderated and " closely monitored" to properly service incoming students. This past year, the school had a significant improvement in its current year financial performance and concluded the year with a net operating surplus. The excess of current liabilities over current assets is the result of a prior year deficit, and that was partially eliminated by this year's surplus and is on schedule to be entirely eliminated in the coming years.

PRIOR YEAR FINDINGS:

Observation

The School had a negative change in fund balance of \$82,528 in the governmental fund financials.

The School's current liabilities of \$295,341 are substantially higher than its current assets of \$94,506. In addition, the School has unrestricted net assets of negative \$179,634.

Management Response

Prior year findings have been addressed by increasing student enrollment which in turn resulted in a positive fund balance and a decrease in current liabilities.

12425 SW Sunset Drive
Miami, FL 33183
T 305 279 6572
F 305 675 8448
archimedean_academy@mac.com
www.archimedean.org

The opening of the Middle School in 2005-2006 lowered the fixed cost as the two schools shared the same facility. This sharing of the facility and its operating cost is forecasted to substantially improve the ratio of assets to liabilities in the school's financial position.

Sincerely yours,

A handwritten signature in black ink, appearing to read "G. Kafkoulis", with a stylized flourish at the end.

Dr. George Kafkoulis
President of Archimedean Academy Inc.
Chairman of the Board Archimedean Academy
Associate Professor of Mathematics
Florida International University

ARCHIMEDEAN ACADEMY, INC.

AUDIT COMPLETION CHECKLIST FOR CHARTER SCHOOLS AND OTHER ORGANIZATIONS MIAMI-DADE COUNTY PUBLIC SCHOOLS

The following information should be included in the yearly audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (Chapter 10.850). **Please share this checklist with your external auditor.**

- 1. The name and address of the school.
- 2. The name of the principal running the school.
- 3. Current list of the Board of Directors of the school.
- 4. If the school is operated by a management company:
 - a. Name of the company
 - b. Address
 - c. List of principal officials
 - d. Contractual arrangement with the company, such as length of contract, terms, total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements).
- 5. The financial statements must include comparative totals for the prior year.
- 6. The financial statements must comply with GASB 34 requirements, if applicable.
- 7. In the footnotes of the financial statements, the following should be disclosed:
 - a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
 - b. Full disclosure of related party transactions, which should include the related party's name and address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid). If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
 - c. Full disclosure of any other debts in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s).
 - d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however, we recommend that it be part of the audit).
 - e. If there is a deficit cash position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the Management Letter.
 - f. Any disclosures of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g., significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- 8. If the audit is not submitted within the contractually required deadline, the Management Letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.
- 9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (date) it will be fully implemented. Note that quarterly reports may be required on a case-by-case basis depending on the severity or lack of resolution of the issues noted in the Management Letter.
- 10. Please enter the following information about the Certified Public Accountant issuing the audit report:

CPA's Name: **Verdeja & De Armas, LLP**

CPA's Address: **255 Alhambra Circle, Suite 424, Coral Gables, FL 33134**

License No.: **AD 64730**

Status: **Active**

Expiration Date: **December 31, 2007**

In reference to this checklist, please refer any questions to the Office of Management and Compliance Audits, attention Mr. Norberto Ferradaz, CPA (305) 995-1318.

Please forward a copy of the completed checklist with your audit.