

**ASPIRA NORTH, SOUTH
AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

SPECIAL PURPOSE FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

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**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Cash Flows	5
Notes to Special Purpose Financial Statements	6
COMBINING SPECIAL PURPOSE FINANCIAL STATEMENTS	
Combining Statement of Financial Position	12
Combining Statement of Activities	14
Combining Statement of Cash Flows	16
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	18
MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	19
SCHEDULE OF FINDINGS RECOMMENDATIONS	21



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of
ASPIRA of Florida, Inc.
Miami, Florida

We have audited the accompanying special purpose financial statements of ASPIRA North, South and Eugenio Maria De Hostos Youth Leadership Charter Schools (the "Schools") as of and for the fiscal years ended June 30, 2006 and 2005 as listed in the table of contents. These special purpose financial statements are the responsibility of the Schools' management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose 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.

As explained in Note 1 to the special purpose financial statements, the financial statements being presented are only for the three schools referred to above, which are programs of ASPIRA of Florida, Inc. The special purpose financial statements do not include the statement of financial position, activities and cash flows of ASPIRA of Florida, Inc. (a not-for-profit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of ASPIRA of Florida, Inc. as of June 30, 2006 and 2005 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Schools as of June 30, 2006 and 2005, and the results of their operations and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors and Officers of
ASPIRA of Florida, Inc.

In accordance with Government Auditing Standards, we have also issued a report dated August 18, 2006 on our consideration of the Schools' internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying combining special purpose financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the special purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the special purpose financial statements and in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

Alberni Caballero & Castellanos, L.L.P.

Coral Gables, Florida
August 18, 2006

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2006 AND 2005

	June 30,	
	2006	2005
<u>ASSETS</u>		
Current assets:		
Due from the Miami-Dade County School Board	\$ 657,503	\$ 700,466
-State of Florida Capital Outlay Distribution	1,678,174	1,685,629
Due from ASPIRA of Florida, Inc.	<u>2,335,677</u>	<u>2,386,095</u>
Total current assets		
Fixed Assets, Net	<u>348,805</u>	<u>391,605</u>
Total assets	<u>\$ 2,684,482</u>	<u>\$ 2,777,700</u>
<u>NET ASSETS</u>		
Net Assets:		
Temporarily restricted	657,503	1,089,377
Unrestricted	<u>2,026,979</u>	<u>1,688,323</u>
Total net assets	<u>2,684,482</u>	<u>2,777,700</u>
Total liabilities and net assets	<u>\$ 2,684,482</u>	<u>\$ 2,777,700</u>

See notes to special purpose financial statements.

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINED STATEMENTS OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2006 AND 2005

	June 30,	
	2006	2005
<u>Changes in Unrestricted Net Assets</u>		
Support and revenue		
Local	\$ 5,340,065	\$ 4,905,771
Federal grants	471,207	384,813
Local grants	495,242	525,355
Other	82,555	69,512
Total revenues	6,389,069	5,885,451
Net assets released from restrictions		
Satisfaction of program restrictions	838,737	534,538
Total net assets released from restrictions	838,737	534,538
	7,227,806	6,419,989
Expenses:		
Instruction (Teachers)	3,019,230	2,896,512
Pupil personnel services	353,329	246,536
Instructional media service	50,860	66,799
Instructional and curriculum development services	39,781	13,260
Instructional staff training services	2,199	16,876
General administration	409,998	68,593
School administration	607,285	489,183
Fiscal services	11,262	24,999
Student transportation services	508,950	456,000
Operation of plant	814,689	644,138
Maintenance of the plant	370,629	286,048
Food services	622,271	402,758
Depreciation	78,665	73,609
Total expenses	6,889,148	5,685,311
Increase in unrestricted net assets	338,658	734,678
<u>Changes in Temporarily Restricted Net Assets</u>		
Contributions and grants	406,861	898,531
Net assets released from restrictions	(838,737)	(534,538)
(Decrease) Increase in temporarily restricted net assets	(431,876)	363,993
(Decrease) Increase in net assets	(93,218)	1,098,671
Net assets, beginning	2,777,700	1,679,029
Net assets, ending	\$ 2,684,482	\$ 2,777,700

See notes to special purpose financial statements.

ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS

COMBINED STATEMENTS OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2006 AND 2005

	June 30,	
	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in net assets	\$ (93,218)	\$ 1,098,671
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation	78,665	73,609
(Increase) decrease in:		
Due from School Board of Miami-Dade County		24,918
- State of Florida Capital Outlay Distribution	42,963	
Due to/from ASPIRA of Florida, Inc., net	<u>7,455</u>	<u>(1,194,707)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>35,865</u>	<u>2,491</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(35,865)</u>	<u>(2,491)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(35,865)</u>	<u>(2,491)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
 BEGINNING CASH AND CASH EQUIVALENTS	-	-
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ -</u>	<u>\$ -</u>

See notes to special purpose financial statements.

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005**

I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

On April 14, 1999, February 9, 2000 and April 14, 2001, the Miami-Dade County School Board approved the applications submitted by the Board of Directors of ASPIRA of Florida, Inc. for the creation of the ASPIRA North Youth Leadership Charter School (ASPIRA North), the ASPIRA South Youth Leadership Charter School (ASPIRA South), and the Eugenio Maria De Hostos Youth Leadership Charter School (ASPIRA Wynwood); respectively. The three schools will be referred to collectively as the Schools in these special purpose financial statements. ASPIRA of Florida, Inc. (the Organization) is a non-profit organization incorporated under the laws of Florida to provide community development, and promote special programs and events including operating charter schools organized pursuant to Section 228.056 of the Florida Statutes (2001). The Schools are accounted for as programs of the Organization. The governing body of the Schools is the Organization's Board of Directors.

The Schools operate under a charter of the sponsoring school district, the Miami-Dade County School Board (the School Board). The ASPIRA North Youth Leadership Charter School's charter was approved by the Board of Directors on June 24, 1999 and is effective until June 30, 2017. The ASPIRA South Youth Leadership Charter School's charter was approved by the Board of Directors on May 18, 2000 and is effective until June 30, 2010. The Eugenio Maria De Hostos Youth Leadership Charter School's charter was approved by the Board of Directors on April 14, 2001 and is effective until June 30, 2011. All three charters may be renewed for up to an additional five (5) years by mutual written agreement between the Schools and the School Board. At the end of the term of the charters, the School Board may choose not to renew the charters under grounds specified in the charter in which case the School Board is required to notify the Schools in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e), Florida Statutes (2001), the charter school contract provides that in the event the Schools are dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Enrollment and Grade Configuration

<u>Schools Name and Addresses</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enrollment</u>	<u>School</u>
ASPIRA North Youth Leadership Charter School 13300 Memorial Highway North Miami, FL 33161	6020	6 th , 7 th , and 8 th	312	Ileana D. Pena
ASPIRA South Youth Leadership Charter School 14412 S.W. 288 Street, Leisure City, FL 33033	6060	6 th , 7 th , and 8 th	210	Monica Starke
Eugenio Maria De Hostos Youth Leadership Charter School 1910 N.E. Miami Court, Miami, FL 33132	6070	6 th , 7 th , and 8 th	377	Fernando Lopez

Governance Structure

The Board of Directors of ASPIRA of Florida, Inc. governs the Schools through each school's Education Council (governing board). The Board of Directors of ASPIRA of Florida, Inc. consists of the following members:

Miream Sierra	Chairperson
Maria Rodriguez	Vice-Chair Fund Raising
Angelo Gonzalez	Immediate Past Chairperson
Suzanne Salichs	Vice-Chair Programs and Planning
Laura R. H. Cory	Secretary
Frank Otero	Treasurer
Raul A. Martinez	President and CEO (non-voting member)

Education Councils

The Education Council is composed of the Board Chair and one other Board member, the President and CEO, Vice-President of Charter School Operations, the School Principal (a non-voting member), and a parent representative.

	<u>ASPIRA North</u>	<u>ASPIRA South</u>	<u>ASPIRA Wynwood</u>
Chairperson	Miream Sierra	Miream Sierra	Miream Sierra
Board member	Frank Otero	Frank Otero	Frank Otero
Board member	Susane Salich	Susane Salich	Susane Salich
Board member	Laura Corry	Laura Corry	Laura Corry
President and CEO	Raul Martinez	Raul Martinez	Raul Martinez
Vice-President of Schools	Aymet Chaples	Aymet Chaples	Aymet Chaples
Principal	Ileana D. Pena	Monica Starke	Fernando Lopez
Parent representative	Wendy B. Jones	Andrew Barrett	Lourdes Moss

Basis of Presentation

The accounts of the Schools are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying special purpose financial statements, funds from the Schools' programs have been combined and presented in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

Under SFAS No. 117, the Schools are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Schools are required to present a statement of cash flows.

The Schools follow SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In addition, the Schools recognize only those contributed services, which are provided by individuals possessing "specialized skills".

The special purpose financial statements present the combined financial positions, activities and cash flows for the ASPIRA North, South and Eugenio Maria De Hostos Leadership Charter Schools only and do not include the assets, liabilities, net assets and statements of activities and cash flows of ASPIRA of Florida, Inc.

For financial reporting purposes ASPIRA North, South and Eugenio Maria De Hostos Youth Leadership Charter Schools are programs of ASPIRA of Florida, Inc. and are included in the Organization's annual financial statements.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Schools that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Schools use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Funds provided by the School Board through the State's Charter School Capital Outlay Funding pursuant to Section 228.0561 of the Florida Statutes (2001) are recorded as temporarily restricted support until the Organization submits a Capital Outlay Plan to the School Board and the School Board accepts the Capital Outlay Plan and releases the funds. Funds provided by the School Board for the Organization's School Infrastructure Thrift Program (SIT Funds) are also recorded as temporarily restricted support until the Organization uses the funds for capital outlay expenditures.

Funds received from the Miami-Dade County Public School Board (the "School Board") and the State of Florida for the operation of the Charter Schools are recorded as exchange transactions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, short-term marketable investments purchased with an original maturity date of three months or less are considered to be cash equivalents.

Property and Equipment

Property and equipment consist of buildings, furniture and equipment, are recorded at cost and depreciated using the straight-line method over a three to ten year estimated useful lives. The Schools capitalize assets with cost greater than \$500 and a useful life greater than one year.

Repairs and maintenance are expensed as incurred. Improvements which increase the life of the assets are capitalized. The carrying amount of assets sold are retired and the related accumulated depreciation is eliminated in the year of disposal and the resulting gain or loss is credited or charged to operations.

Due To/From ASPIRA of Florida, Inc.

The Schools are accounted for as programs of ASPIRA of Florida, Inc. under a pooled cash system. All cash is received/paid by the Organization and Due To/From accounts are debited or credited for amounts owed to or due from the Schools.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the Schools' charter. In accordance with the funding provisions of the charter and Section 228.056(13), Florida Statutes (2001), the Schools report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 236.081, Florida Statutes (2001), the School Board reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the Schools is adjusted quarterly during the same fiscal year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual full-time equivalent students reported by the Schools during the designated full-time equivalent student survey periods.

Income Taxes

The Organization; and therefore the Schools; is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public supported organization.

Use of Estimates

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectibility of receivables, the use and recoverability of inventory, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Reclassifications

Certain amounts in the 2005 financial statement presentation have been reclassified to conform to the 2006 presentation.

II. TEMPORARILY RESTRICTED NET ASSETS

Capital Outlay Funds

During 2006 and 2005, the School Board received an additional \$406,861 and \$509,620; respectively, of Section 228.0561, F.S. (2001), Charter Schools Capital Outlay Funding from the State on behalf of the Schools. The funds have been deposited with the School Board and will be distributed once the Schools incur expenses in accordance with approved Capital Outlay Plans by the School Board and follow other guidelines developed by the Florida Department of Education. As of June 30, 2006 and 2005, the Schools have recorded a receivable from the School Board of \$657,503 and \$700,466; respectively, and recorded the amount as temporarily restricted support. In 2006 and 2005, the Schools released \$449,826 and \$534,538; respectively, from restrictions by incurring expenses in accordance with approved Capital Outlay Plans.

School Improvement Funds

In 2005, ASPIRA South received \$388,911 of Title 1 School Improvement Secondary Initiative funding from the Florida Department of Education (FDOE). These funds must be spent in accordance with the plan filed with the FDOE and were reported as temporarily restricted as of June 30, 2005. In 2006, the Organization released the \$388,911 from restrictions by incurring expenses in accordance with grant agreement.

III. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	<u>2006</u>	<u>2005</u>
Buildings	\$ 442,036	\$ 442,036
Furniture and equipment	<u>193,435</u>	<u>157,570</u>
	635,471	599,606
Less: Accumulated depreciation	<u>(286,666)</u>	<u>(208,001)</u>
	\$ <u>348,805</u>	\$ <u>391,605</u>

IV. 403 (b) THRIFT RETIREMENT PLAN

Effective July 1, 1997, the Organization established a 403 (b) Thrift Retirement Plan (the Plan) created in accordance with Internal Revenue Service Code Section 403(b) for all full-time employees of the Organization. Employees of the Schools are eligible to participate in the Plan. There are no minimum age or service requirements to contribute to the Plan and employees may contribute up to 16% of their gross salary. Employer contributions equal 100% of the first 2% of the participants' gross salary. To be eligible for employer contributions, the participant must be at least 21 years of age and have provided one year of service. Employer contributions are 100% vested upon the participants 65th birthday, or if earlier, upon completion of a five year vesting period. As of June 30, 2006 and 2005, there were 27 and 31, employees from the Schools participating in the Plan. For the fiscal year ended June 30, 2006 and 2005, the Schools contributed approximately \$20,000 and \$22,000 to the Plan.

The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the Schools have no fiduciary responsibility therefore the net assets of the Plan are not included in the Schools' special purpose financial statements.

V. REVENUE SOURCES

	<u>JUNE 30, 2006</u>				June 30, 2005
	ASPIRA <u>North</u>	ASPIRA <u>South</u>	ASPIRA <u>Wynwood</u>	<u>Total</u>	<u>Total</u>
<u>Miami-Dade County School Board:</u>					
Florida Education Finance Program	\$ 1,314,322	\$ 884,250	\$ 1,588,394	\$ 3,786,966	\$ 3,645,750
Instructional materials	27,392	18,443	32,909	78,744	73,284
Transportation revenue	55,809	45,279	73,710	174,798	137,193
Supplemental academic instruction	108,821	73,274	131,565	313,660	302,059
Instruction technology	5,726	3,855	6,879	16,460	16,478
ESE guaranteed allocation	20,400	9,000	78,600	108,000	87,600
Safe schools program	10,662	7,179	12,809	30,650	30,174
Teacher training allocation	1,951	1,314	2,359	5,624	11,118
EEC allocation	3,060	2,060	3,675	8,795	8,690
Class size reduction program	166,024	111,690	200,631	478,345	311,765
Teacher lead program	-	-	-	-	4,900
School recognition program	-	-	-	-	41,601
Title I – School Improvement	-	37,000	51,000	88,000	-
Title I Allocation-Supple. Ed. Svc.	800	6,200	600	7,600	-
Title I Allocation-Schoolwide	84,790	83,955	110,950	279,695	202,167
Title I – SES Payments	-	-	-	-	68,719
Title I Allocation-Reading Leader	63,830	62,000	62,000	187,830	186,123
Miscellaneous	-	-	-	-	11,680
Sub-total	1,841,105	1,345,499	2,356,081	5,542,685	5,139,301
Less: 5% Administrative overhead	(85,708)	(32,817)	(106,577)	(225,102)	(233,530)
Total	<u>\$ 1,777,879</u>	<u>\$ 1,312,682</u>	<u>\$ 2,249,504</u>	<u>\$ 5,340,065</u>	<u>\$ 4,905,771</u>
<u>Federal Grants:</u>					
National School Lunch Program	<u>\$ 133,196</u>	<u>\$ 118,665</u>	<u>\$ 219,346</u>	<u>\$ 471,207</u>	<u>\$ 384,413</u>
<u>Local Grants:</u>					
The Children's Trust of Miami-Dade County	\$ -	\$ -	\$ 388,808	\$388,808	387,168
Miami Dade County Public Schools - CSR	-	-	106,434	106,434	138,187
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,242</u>	<u>\$ 495,242</u>	<u>\$ 525,355</u>

VI. RELATED PARTY TRANSACTIONS

School Facilities Lease - ASPIRA North School

The ASPIRA North School's facilities are leased on a monthly basis from ASPIRA of Florida, Inc. Rent expense paid to ASPIRA of Florida, Inc. totaled approximately \$84,000 for 2006 and 2005 and is included under "Operation of Plant" in the statement of activities.

VII. COMMITMENTS AND CONTINGENCIES

School Facilities Lease - ASPIRA South and Wynwood Schools

The ASPIRA South and Wynwood Schools lease school facilities under the terms of two operating leases with monthly payments totaling approximately \$9,102 and \$22,415; respectively. The ASPIRA South lease expires on August 31, 2008 and Wynwood School lease expires on June 4, 2007.

The minimum future rentals to be paid by ASPIRA South and Wynwood Schools are as follows:

<u>June 30,</u>	<u>ASPIRA South</u>	<u>Wynwood Schools</u>
2007	\$109,000	\$275,000
2008	109,000	-
2009	<u>18,000</u>	<u>-</u>
	<u>\$236,000</u>	<u>\$275,000</u>

Rent expense totaled approximately \$109,000 and \$108,000 for the ASPIRA South School and \$282,000 and \$228,000 for the ASPIRA Wynwood School during 2006 and 2005, respectively.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable Schools. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Schools expect such amounts, if any, to be immaterial.

VIII. RISK MANAGEMENT

Insurance for general liability, automotive liability, and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

COMBINING SPECIAL PURPOSE FINANCIAL STATEMENTS

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

	<u>ASPIRA North Youth Leadership Charter School</u>	<u>ASPIRA South Youth Leadership Charter School</u>	<u>ASPIRA Eugenio Maria De Hostos Leadership Charter School</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Due from the Miami-Dade County School Board				
-State of Florida Capital Outlay Distribution	\$ 478,966	\$ 153,868	\$ 24,669	\$ 657,503
Due from ASPIRA of Florida, Inc.	<u>793,168</u>	<u>871,646</u>	<u>13,360</u>	<u>1,678,174</u>
Total current assets	<u>1,272,134</u>	<u>1,025,514</u>	<u>38,029</u>	<u>2,335,677</u>
Fixed Assets, Net	<u>277,731</u>	<u>22,029</u>	<u>49,045</u>	<u>348,805</u>
Total assets	<u>\$ 1,549,865</u>	<u>\$ 1,047,543</u>	<u>\$ 87,074</u>	<u>\$ 2,684,482</u>
<u>NET ASSETS</u>				
Net Assets				
Temporarily restricted	478,966	153,868	24,669	657,503
Unrestricted	<u>1,070,899</u>	<u>893,675</u>	<u>62,405</u>	<u>2,026,979</u>
Total net assets	<u>\$ 1,549,865</u>	<u>\$ 1,047,543</u>	<u>\$ 87,074</u>	<u>\$ 2,684,482</u>

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005

	<u>ASPIRA North Youth Leadership Charter School</u>	<u>ASPIRA South Youth Leadership Charter School</u>	<u>ASPIRA Eugenio Maria De Hostos Leadership Charter School</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Due from the Miami-Dade County School Board				
-State of Florida Capital Outlay Distribution	\$ 487,421	\$ 158,683	\$ 54,362	\$ 700,466
Due from ASPIRA of Florida, Inc.	<u>708,053</u>	<u>947,514</u>	<u>30,062</u>	<u>1,685,629</u>
Total current assets	<u>1,195,474</u>	<u>1,106,197</u>	<u>84,424</u>	<u>2,386,095</u>
Fixed Assets, Net	<u>330,916</u>	<u>18,988</u>	<u>41,701</u>	<u>391,605</u>
Total assets	<u>\$ 1,526,390</u>	<u>\$ 1,125,185</u>	<u>\$ 126,125</u>	<u>\$ 2,777,700</u>
<u>NET ASSETS</u>				
Net Assets				
Temporarily restricted	487,421	547,594	54,362	1,089,377
Unrestricted	<u>1,038,969</u>	<u>577,591</u>	<u>71,763</u>	<u>1,688,323</u>
Total net assets	<u>\$ 1,526,390</u>	<u>\$ 1,125,185</u>	<u>\$ 126,125</u>	<u>\$ 2,777,700</u>

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINING STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2006

	<u>ASPIRA North Youth Leadership Charter School</u>	<u>ASPIRA South Youth Leadership Charter School</u>	<u>ASPIRA Eugenio Maria De Hostos Leadership Charter School</u>	<u>Total</u>
<u>Changes in Unrestricted Net Assets</u>				
Support and revenue				
Local-FTE	\$ 1,777,879	\$ 1,312,682	\$ 2,249,504	\$ 5,340,065
Federal grants	133,196	118,665	219,346	471,207
Local grants	-	-	495,242	495,242
Other	33,555	34,740	14,260	82,555
Total revenues	1,944,630	1,466,087	2,978,352	6,389,069
Net assets released from restrictions				
Satisfaction of program restrictions	160,985	488,818	188,934	838,737
Total net assets released from restrictions	160,985	488,818	188,934	838,737
	2,105,615	1,954,905	3,167,286	7,227,806
 Expenses:				
Instruction (Teachers)	899,919	678,781	1,440,530	3,019,230
Pupil personnel services	126,349	54,004	172,976	353,329
Instructional media service	23,215	13,919	13,726	50,860
Instructional and curriculum development services	6,300	23,503	9,978	39,781
Instructional staff training services	733	733	733	2,199
General administration	112,832	205,272	91,894	409,998
School administration	205,176	100,373	301,736	607,285
Fiscal services	3,387	3,015	4,860	11,262
Student transportation services	123,243	126,620	259,087	508,950
Operation of plant	198,005	196,584	420,100	814,689
Maintenance of the plant	108,239	73,415	188,975	370,629
Food services	209,874	156,656	255,741	622,271
Depreciation	56,413	5,945	16,307	78,665
Total expenses	2,073,685	1,638,820	3,176,643	6,889,148
Increase (decrease) in unrestricted net assets	31,930	316,085	(9,357)	338,658
 <u>Changes in Temporarily Restricted Net Assets</u>				
Contributions and grants	152,530	95,091	159,240	406,861
Net assets released from restrictions	(160,985)	(488,818)	(188,934)	(838,737)
Increase (decrease) in temporarily restricted net assets	(8,455)	(393,727)	(29,694)	(431,876)
Increase (decrease) in net assets	23,475	(77,642)	(39,051)	(93,218)
Net assets, beginning	1,526,390	1,125,185	126,125	2,777,700
Net assets, ending	\$ 1,549,865	\$ 1,047,543	\$ 87,074	\$ 2,684,482

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINING STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2005

	ASPIRA North Youth Leadership Charter School	ASPIRA South Youth Leadership Charter School	ASPIRA Eugenio Maria De Hostos Leadership Charter School	<u>Total</u>
<u>Changes in Unrestricted Net Assets</u>				
Support and revenue				
Local-FTE	\$ 1,757,242	\$ 1,190,246	\$ 1,958,283	\$ 4,905,771
Federal grants	168,091	-	216,722	384,813
Local grants	-	-	525,355	525,355
Other	23,946	11,826	33,740	69,512
Total revenues	<u>1,949,279</u>	<u>1,202,072</u>	<u>2,734,100</u>	<u>5,885,451</u>
Net assets released from restrictions				
Satisfaction of program restrictions	143,156	121,559	269,823	534,538
Total net assets released from restrictions	<u>143,156</u>	<u>121,559</u>	<u>269,823</u>	<u>534,538</u>
	<u>2,092,435</u>	<u>1,323,631</u>	<u>3,003,923</u>	<u>6,419,989</u>
 Expenses:				
Instruction (Teachers)	835,686	628,596	1,432,230	2,896,512
Pupil personnel services	125,874	2,628	118,034	246,536
Instructional media service	22,265	19,626	24,908	66,799
Instructional and curriculum development services	10,494	753	2,013	13,260
Instructional staff training services	2,709	475	13,692	16,876
General administration	16,802	8,620	43,171	68,593
School administration	197,542	95,008	196,633	489,183
Fiscal services	8,333	8,333	8,333	24,999
Student transportation services	83,726	103,938	268,336	456,000
Operation of plant	186,126	182,808	275,204	644,138
Maintenance of the plant	54,620	46,778	184,650	286,048
Food services	178,171	-	224,587	402,758
Depreciation	56,086	4,747	12,776	73,609
Total expenses	<u>1,778,434</u>	<u>1,102,310</u>	<u>2,804,567</u>	<u>5,685,311</u>
Increase in unrestricted net assets	<u>314,001</u>	<u>221,321</u>	<u>199,356</u>	<u>734,678</u>
 <u>Changes in Temporarily Restricted Net Assets</u>				
Contributions and grants	212,515	500,351	185,665	898,531
Net assets released from restrictions	<u>(143,156)</u>	<u>(121,559)</u>	<u>(269,823)</u>	<u>(534,538)</u>
Increase (decrease) in temporarily restricted net assets	<u>69,359</u>	<u>378,792</u>	<u>(84,158)</u>	<u>363,993</u>
Increase in net assets	<u>383,360</u>	<u>600,113</u>	<u>115,198</u>	<u>1,098,671</u>
Net assets, beginning	<u>1,143,030</u>	<u>525,072</u>	<u>10,927</u>	<u>1,679,029</u>
Net assets, ending	<u>\$ 1,526,390</u>	<u>\$ 1,125,185</u>	<u>\$ 126,125</u>	<u>\$ 2,777,700</u>

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2006

	<u>ASPIRA North Youth Leadership Charter School</u>	<u>ASPIRA South Youth Leadership Charter School</u>	<u>ASPIRA Eugenio Maria de Hostos Leadership Charter School</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (decrease) in net assets	\$ 23,475	\$ (77,642)	\$ (39,051)	\$ (93,218)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities				
Depreciation	56,413	5,945	16,307	78,665
(Increase) decrease in:				
Due from School Board of Miami-Dade County				
-State of Florida Capital Outlay Distribution	8,455	4,815	29,693	42,963
Due to/from ASPIRA of Florida, Inc., net	<u>(85,115)</u>	<u>75,868</u>	<u>16,702</u>	<u>7,455</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,228</u>	<u>8,986</u>	<u>23,651</u>	<u>35,865</u>
 CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	<u>(3,228)</u>	<u>(8,986)</u>	<u>(23,651)</u>	<u>(35,865)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(3,228)</u>	<u>(8,986)</u>	<u>(23,651)</u>	<u>(35,865)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
 BEGINNING CASH AND CASH EQUIVALENTS	-	-	-	-
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS**

COMBINING STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2005

	<u>ASPIRA North Youth Leadership Charter School</u>	<u>ASPIRA South Youth Leadership Charter School</u>	<u>ASPIRA Eugenio Maria de Hostos Leadership Charter School</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in net assets	\$ 383,360	\$ 600,113	\$ 115,198	\$ 1,098,671
Adjustments to reconcile increase in net assets to net cash provided by operating activities				
Depreciation	56,086	4,747	12,776	73,609
(Increase) decrease in:				
Due from School Board of Miami-Dade County		10,119	84,158	24,918
-State of Florida Capital Outlay Distribution	(69,359)		(210,291)	(1,194,707)
Due to/from ASPIRA of Florida, Inc., net	(369,437)	(614,979)	(210,291)	(1,194,707)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>650</u>	<u>-</u>	<u>1,841</u>	<u>2,491</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(650)	-	(1,841)	(2,491)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(650)</u>	<u>-</u>	<u>(1,841)</u>	<u>(2,491)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
BEGINNING CASH AND CASH EQUIVALENTS	-	-	-	-
ENDING CASH AND CASH EQUIVALENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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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 and Officers of
ASPIRA of Florida, Inc.

We have audited the special purpose financial statements of the ASPIRA North, South and Eugenio Maria De Hostos Youth Leadership Charter Schools (the Schools) as of and for the fiscal year ended June 30, 2006, and have issued our report dated August 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance 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 the Schools' ability to record and process financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations as item 2006-1.

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 basic 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, of the reportable conditions described above, none are considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' basic 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 one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 2006-1.

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

Alberni Caballero & Castellanos, L.L.P.

Coral Gables, Florida
August 18, 2006



Alberni, Caballero
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**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors and Officers of
ASPIRA of Florida, Inc.

We have audited the special purpose financial statements of the ASPIRA North, South and Eugenio Maria De Hostos Youth Leadership Charter Schools (the Schools) as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated August 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have also issued our report on internal control over financial reporting and on compliance and other matters; which is dated August 18, 2006, and should be considered in conjunction with this management letter.

In connection with our audit of the special purpose financial statements of the Schools for the fiscal year ended June 30, 2006, we report the following in accordance with Chapter 10.850 Rules of the Auditor General, Charter School Audits which requires that this report specifically address but not be limited to the matters outlined in Rule 10.854(1)(d):

1. No inaccuracies, shortages, defalcations, fraud and/or violations of laws, rules, regulations and contractual provisions were reported in the preceding annual financial audit.
2. The Schools did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
3. The status of recommendations made in the preceding annual financial audit are reported in the Schedule of Findings and Recommendations.
4. Recommendations to improve the Schools' present financial management, accounting procedures and internal controls are accompanying this report in the Schedule of Findings and Recommendations.
5. During the course of our audit, we did not find any:
 - a. Violation of any laws, rules, regulations, contracts, and grant agreements or abuse that: (1) have occurred, or are likely to have occurred; (2) were discovered within the scope of the financial audit; and (3) may or many not have a materially affected the financial statements.
 - b. Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
 - c. Deficiencies in internal control that are not reportable condition, including but not limited to:
 - (1) Improper or inadequate accounting procedures.
 - (2) Failures to properly record financial transactions.
6. The names of the charter schools are as follows:

ASPIRA North Youth Leadership Charter School
ASPIRA South Youth Leadership Charter School
Eugenio Maria De Hostos Youth Leadership Charter School

To the Board of Directors and Officers of
ASPIRA of Florida, Inc.

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

Alberni Caballero & Castellanos, L.L.P.

Coral Gables, Florida
August 18, 2006

**ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2006**

REPORTABLE CONDITION

2006-1 CASH MANAGEMENT- FOOD AND NUTRITION

Condition: During our testing of revenues we noted that the Schools were not reimbursed for costs incurred during the month of March 2006 under the federally funded Food and Nutrition Program. The Schools are required to submit monthly claims for reimbursement online within 60 days after the month of service. The Schools did not meet the 60 day deadline. We noted that the Schools also submitted the September 2005 claims report late, however, the Schools were granted a one time exemption.

Cause: The Schools were not able to submit the claim timely.

Effect: The Schools lost funding of approximately \$35,000 for the Month of March 2006.

Recommendation: Currently, the Vice President of the Charter School operation is responsible for submitting the online claims for reimbursement. We recommend that the responsibility for submitting the online claims be assigned to the Finance Department.

Managements' Response:

We agree with the auditor's recommendation and the responsibility for submitting the online claims will be assigned to the Finance Department.

OTHER MATTERS

2006-2 REPORTING – FOOD AND NUTRITION

During our testing of revenues we noted that the online claims for reimbursement under the Federal Food and Nutrition Program which report the number of meals could not be easily agreed to supporting documentation. The attendance is currently taken manually and then summarized for the three schools to report the monthly totals. Adjustments, if needed, are submitted during the next month's report submission.

Recommendation: There are computerized systems available to the Schools which would provide a more accurate count and support for the meals served under the National Food and Nutrition Program. We recommend that the Schools analyze the cost and benefits of purchasing a computerized system.

Managements' Response:

We agree with the auditor's recommendation and have already submitted requests for proposals for a new computerized system.

ASPIRA NORTH, SOUTH AND EUGENIO MARIA DE HOSTOS
YOUTH LEADERSHIP CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2006
(CONTINUED)

OTHER MATTERS - CURRENT STATUS OF PRIOR YEAR RECOMMENDATIONS

2005-1 ACCOUNTING MANUAL

During our cash disbursement testing we noted that the Organization has an accounting manual, which covers procedures for cash disbursements and receipts as well as other accounting functions. However, we noted areas where the manual could be improved. For example:

- A. The Organization's procurement procedures should be reviewed and at a minimum include:
 - a) Board approval for major purchases or contracts,
 - b) A formal bid process for major purchases and professional services,
 - c) Requirements to obtain written or oral quotes for minor purchases,
- B. The manual was originally drafted without the position of a Director of Finance. During 2005, the Organization hired a Director of Finance and we recommend that his position be incorporated into accounting manual to provide additional checks and balances.
- C. The manual does not include procedures for recording in-kind contributions.

Recommendation:

We recommend that the Organization update its current accounting manual to include the recommendations noted above and submit to its Board for approval.

Current Year Status:

Management has developed an accounting manual and is currently under review by the Organization's Board of Directors. The manual will be in place for the 2006-07 fiscal year. **This recommendation will be repeated.**