

BALERE LANGUAGE ACADEMY

COMPONENT UNIT
FINANCIAL STATEMENTS

JUNE 30, 2006

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GENERAL CHOICE
AND FINANCIAL OPTIONS

BALERE LANGUAGE ACADEMY

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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The Board of Directors
Balere Language Academy
Miami, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying component unit basic financial statements of governmental activities and each major fund of Balere Language Academy ("Academy") a component unit of The School Board of Miami-Dade County, Florida as of and for the year ended June 30, 2006, which collectively comprise the Academy's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The management's discussion and analysis and the budgetary comparison information on pages 2 through 5 and 12, are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 2006 on our consideration of the Academy's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Millward & Co".

Millward & Co. CPAs
Fort Lauderdale, Florida
August 21, 2006



BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

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

Within this section of the Academy's annual financial report, the Academy's management provides narrative discussion and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2006. This discussion is provided within the context of the accompanying financial statements. The discussion includes the entire Academy operations. There are no proprietary funds, no fiduciary funds and no component units.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Fund

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

BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

Financial Analysis of the Academy

The Academy's net assets increased by \$124,508 to \$184,891 in 2006.
The enrollment increased by 44 students in 2006 from 103 students to 147.

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

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

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

Condensed Statement of Net Assets
Governmental Activities
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Current and Other Assets	\$ 292,431	\$ 112,343	\$ 180,088
Capital Assets	<u>10,079</u>	<u>5,834</u>	<u>4,245</u>
Total Assets	302,510	118,177	184,333
Current Liabilities	<u>117,619</u>	<u>57,794</u>	<u>59,825</u>
Total Liabilities	<u>117,619</u>	<u>57,794</u>	<u>59,825</u>
Net Assets	<u>\$ 184,891</u>	<u>\$ 60,383</u>	<u>\$ 124,508</u>
Invested in Capital Assets	10,079	5,834	4,245
Unrestricted	<u>174,812</u>	<u>54,549</u>	<u>120,263</u>
	<u>\$ 184,891</u>	<u>\$ 60,383</u>	<u>\$ 124,508</u>

BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

Condensed Statement of Activities
For the years 2006 and 2005

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Program Revenues:			
Charge for services	\$ 79,809	\$ 57,148	\$ 22,661
Operating grant and contribution	166,993	218,519	(51,526)
General Revenues:			
FEEP fees	805,311	534,758	270,553
Florida teacher's Lead Program	800	-	800
Other	<u>30,099</u>	<u>27,071</u>	<u>3,028</u>
Total Revenue	<u>1,083,012</u>	<u>837,496</u>	<u>245,516</u>
Functions/Program Expenses:			
Instructional Services	467,776	336,163	131,613
Instructional Support services	1,540	9,762	(8,222)
Instructional Curriculum Development	1,014	-	1,014
Instruction Staff Training Services	275	-	275
Board Administration	64,596	-	64,596
School administration	130,704	226,670	(95,966)
Facilities acquisition and construction	73,200	61,778	11,422
Fiscal services	41,297	25,651	15,646
Food services	20,655	13,425	7,230
Pupil transportation services	24,085	24,180	(95)
Operation and maintenance services	47,644	36,592	11,052
After care	<u>85,718</u>	<u>48,264</u>	<u>37,454</u>
Total expense	<u>958,504</u>	<u>782,485</u>	<u>176,019</u>
Change in net assets	124,508	55,011	69,497
Net assets - Beginning	<u>60,383</u>	<u>5,372</u>	<u>55,011</u>
Net assets - Ending	<u>\$ 184,891</u>	<u>\$ 60,383</u>	<u>\$ 124,508</u>

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Academy charges a fee. For fiscal year ended June 30, 2006, the Academy did not have any proprietary funds.

BALERE LANGUAGE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

FINANCIAL ANALYSIS OF THE MAJOR FUND

GOVERNMENTAL FUND

GENERAL FUND

The general fund is the operating fund. It recognized \$1,083,012 in total revenues offset with \$962,749 of expenditures. This resulted in an excess of revenues over expenditures. Fund balance at the beginning of the year was \$54,549 and when combined with the current year resulted in an end of year fund balance of \$174,812.

CAPITAL ASSETS

As of June 30, 2006, the Academy had \$10,079 invested in capital assets, as reflected below:

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Office equipment and fixtures	\$ <u>12,769</u>	\$ <u>7,103</u>	\$ <u>5,666</u>
Less: Accumulated depreciation	<u>(2,690)</u>	<u>(1,269)</u>	<u>(1,421)</u>
Net	<u>\$ <u>10,079</u></u>	<u>\$ <u>5,834</u></u>	<u>\$ <u>4,245</u></u>

Request for Information

This financial report is designated to provide a general overview of academy's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the School Financial Services, Inc., P. O. Box 130, Bonifay, FL 32425.

BALERE LANGUAGE ACADEMY
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental Activities</u>
 ASSETS	
Cash	\$ 286,181
Prepaid Expenses	700
Deposit	5,550
Capital Assets	<u>10,079</u>
Total Assets	<u>302,510</u>
 LIABILITIES	
Accounts Payable	56,527
Deferred Revenue	<u>61,092</u>
Total Liabilities	<u>117,619</u>
 NET ASSETS	
Invested in capital assets	10,079
Unrestricted	<u>174,812</u>
Total Unrestricted	<u>184,891</u>
TOTAL NET ASSETS	<u><u>\$ 184,891</u></u>

The accompanying notes are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Program Activities	Expenses	Program Revenues		Net (Expense) Revenue Changes in Net Assets	
		Charges for Services	Operating Grant and Contributions	Governmental Activities	Total
Governmental Activities:					
Instructional services	467,776	\$ -	\$ 83,346	\$ (384,430)	\$ (384,430)
Instructional Support Services	1,540	-	3,450	1,910	1,910
Instructional Curriculum Development Services	1,014	-	1,014	-	-
Instructional Staff Training Services	275	-	275	-	-
Board Administration	64,596	-	28,333	(36,263)	(36,263)
School Administration	130,704	-	14,873	(115,831)	(115,831)
Facilities Administration	73,200	-	-	(73,200)	(73,200)
Fiscal Services	41,297	-	35,702	(5,595)	(5,595)
Food Services	20,655	-	-	(20,655)	(20,655)
Pupil Transportation Services	24,085	-	-	(24,085)	(24,085)
Operation of Plant	43,456	-	-	(43,456)	(43,456)
Maintenance Services	4,188	-	-	(4,188)	(4,188)
Community Services	85,718	79,809	-	(5,909)	(5,909)
Total Governmental Activities	<u>\$ 958,504</u>	<u>\$ 79,809</u>	<u>\$ 166,993</u>	<u>(711,702)</u>	<u>(711,702)</u>
General Revenues:					
FEFP Fees				805,311	805,311
Florida Teacher's Lead Program				800	800
Other				30,099	30,099
Total General Revenues				<u>836,210</u>	<u>836,210</u>
Change in Net Assets				124,508	124,508
Net Assets-Beginning				<u>60,383</u>	<u>60,383</u>
Net Assets-Ending				<u>\$ 184,891</u>	<u>\$ 184,891</u>

The accompanying note are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUND TO THE
STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Total Fund Balance - Total Governmental Fund	\$ 174,812
Capital Outlays of \$12,769, Net of Accumulated Depreciation of (\$2,690), are not financial resources and therefore are not reported in the governmental funds	<u>10,079</u>
Net Assets of Governmental Activities	<u>\$ 184,891</u>

The accompanying notes are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2006

	<u>General Fund</u>
ASSETS	
Cash	\$ 286,181
Prepaid expenses	700
Deposit	<u>5,550</u>
Total Current Assets	<u>\$ 292,431</u>
LIABILITIES	
Accounts payable	\$ 56,527
Deferred Revenue	<u>61,092</u>
Total Current Liabilities	<u>117,619</u>
FUND EQUITY	
Unreserved	<u>174,812</u>
TOTAL FUND EQUITY	<u>174,812</u>
TOTAL FUND LIABILITIES AND FUND EQUITY	<u>\$ 292,431</u>

The accompanying notes are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>
Revenues	
FEFP Fees	\$ 805,311
Operating Grants	166,993
Florida Teacher's Lead Program	800
After Care Program	79,809
Other	30,099
Total Revenues	1,083,012
Expenditures	
Instructional services	472,021
Instructional Support Services	1,540
Instructional Curriculum Development Services	1,014
Instructional Staff Training Services	275
Board Administration	64,596
School Administration	130,704
Facilities Administration	73,200
Fiscal Services	41,297
Food Services	20,655
Pupil Transportation Services	24,085
Operation of Plant	43,456
Maintenance Services	4,188
Community Services	85,718
Total Expenditures	962,749
Excess of revenues over expenses	120,263
Fund Balance - July 1, 2005	54,549
Fund Balance - June 30, 2006	\$ 174,812

The accompanying notes are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Net change in fund Balance - total governmental fund \$ 120,263

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and change in net assets, the cost of those assets is allocated over the estimated useful lives as depreciation expenses. This is the amount of capital assets of \$5,666 over depreciation of (\$1,421) in current period.

4,245

Change in Net Assets

\$ 124,508

The accompanying notes are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	BUDGET Original/ Final	ACTUAL	VARIANCE Positive (Negative)
Revenues:			
FEFP Fees	\$ 821,101	\$ 805,311	\$ (15,790)
Operating Grants	200,000	166,993	(33,007)
Florida Teacher's Lead Program	-	800	800
After Care Program	-	79,809	79,809
Other	-	30,099	30,099
 Total revenues	 <u>1,021,101</u>	 <u>1,083,012</u>	 <u>61,911</u>
Expenditures:			
Instructional services	461,799	472,021	(10,222)
Instructional Support Services	-	1,540	(1,540)
Instructional Curriculum Development Services	-	1,014	(1,014)
Instructional Staff Training Services	-	275	(275)
Board Administration	64,546	64,596	(50)
School Administration	165,059	130,704	34,355
Facilities Administration	74,000	73,200	800
Fiscal Services	35,890	41,297	(5,407)
Food Services	25,642	20,655	4,987
Pupil Transportation Services	48,239	24,085	24,154
Operation of Plant	46,916	43,456	3,460
Maintenance Services	750	4,188	(3,438)
Community Services	-	85,718	(85,718)
 Total expenditures	 <u>922,841</u>	 <u>962,749</u>	 <u>(39,908)</u>
 Net Change in Fund Balance	 <u>\$ 98,260</u>	 120,263	 <u>\$ 22,003</u>
Fund balance - Beginning of year		<u>54,549</u>	
Fund balance - June 30, 2006		<u>\$ 174,812</u>	

The accompanying notes are an integral part of these financial statements

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization – Balere Language Academy (“Academy”) was organized in Miami-Dade County, Florida, in June 1999 to promote, encourage and facilitate the teaching and learning of foreign culture and language for the students of Miami-Dade County from kindergarten to eighth grade.

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

Reporting Entity

The financial reporting entity consists of the following:

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

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

2. Government-Wide and Financial Statements

Government-wide Financial Statements

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

The statement of activities report the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include positions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a Board functional activity. Program revenues include: (1) charges for services which report fees and other charges, and (2) operating grants and contributions which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these programs uses.

Fund Financial Statements

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

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

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

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Academy considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

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

4. Major Fund

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

5. Capital Assets, Depreciation and Amortization

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

The Academy generally capitalizes assets with cost of \$750 or more as outlay occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extends the useful lives are expensed. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operation. Estimated useful live, in years, for depreciable assets are as follows:

Furniture, fixture and equipment	5 years
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6. Budgetary

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

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BALERE LANGUAGE ACADEMY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2006

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

The Academy has an agreement with the School Board of Miami-Dade County, Florida, to operate a Charter Academy. The Academy receives funding from the School Board of Miami-Dade County, Florida, based on the projected number of full time equivalent (FTE) students. The term of the contract is for ten years ending June 30, 2014, with an option to review for an additional fifteen years. The number of students attending the school for the year ending June 30, 2006, was 147.

NOTE C – CAPITAL ASSETS

Changes in assets during the year ended June 30, 2006 were as follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/06</u>
Office equipment and fixtures	\$ 7,103	\$ 5,666	\$ -	\$ 12,769
	7,103	5,666	-	12,769
Less: Accumulated depreciation	(1,269)	(1,421)	-	(2,690)
Net	<u>\$ 5,834</u>	<u>\$ 4,245</u>	<u>\$ -</u>	<u>\$ 10,079</u>

Depreciation expense for year ended June 30, 2006, was \$1,421.

NOTE D – CONTINGENCIES

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

NOTE E – LEASE AGREEMENT

The Academy leases it’s administrative and classroom space under operating leases expiring June 14, 2007, with an option of renewal up to two additional periods of three years each, the rent will increase 3% per annum. Rental expense was \$73,200 for the year ended June 30, 2006.

Future minimum lease payments are as follows:

<u>June 30</u> 2007	<u>\$ 76,420</u>
Total	<u>\$ 76,420</u>

BALERE LANGUAGE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE F – RISK MANAGEMENT

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

NOTE G – OTHER INFORMATION

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

Michael Davis	Chairman
Treasey Weaver	Secretary
Andre Prince	Board member
Jennifer Baker	Board member

In March 2004, the Academy entered into a contract with a third party for professional services. The School Financial Services, Inc. agreed to provide various financial and accounting services for Academy. The School Financial Services, Inc., located at 32425 Highway 90 East, Bonifay, FL 32425, and the company president is Gary B. Scott. The contract can be cancelled by either party with 30 days advance notice and it was expired on June 30, 2006. The professional fees for the year ending June 30, 2006 was \$22,891.

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

CPA's Name:	Millward & Co., CPAs
CPA's Address:	100 NE Third Avenue, Suite# 300 Fort Lauderdale, Florida 33301
License No:	1143963
Status:	Current
Expiration Date:	December 31, 2006



**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Balere Language Academy
Miami, Florida

We have audited the component unit basic financial statements of the governmental activities and each major fund of Balere Language Academy (the "Academy") as of and for the year ended June 30, 2006, which collectively comprise the Academy basic financial statements and have issued our report thereon dated August 21, 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 Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

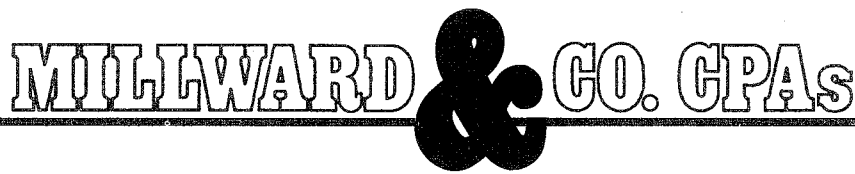
As part of obtaining reasonable assurance about whether Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement, noncompliance with which could have a direct and material effect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

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

A handwritten signature in cursive script that reads "Millward & Co." is located above the printed name of the firm.

Millward & Co. CPAs
Ft. Lauderdale, Florida
August 21, 2006





MANAGEMENT LETTER

To the Board of Directors
Balere Language Academy
Miami, Florida

We have audited the financial statements of Balere Language Academy ("Academy") as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated August 21, 2006.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Compliance and on Internal Control over financial Reporting based on the audit of the financial statements performed in accordance with *Government Auditing Standards*, dated August 21, 2006, and it should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The prior year recommendation was implemented.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.544(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. There are no items requiring disclosure.

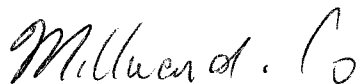


As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the District for the fiscal year ended June 30, 2005, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2005.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(7)), we applied financial assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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



Millward & Co. CPAs
Fort Lauderdale, Florida
August 21, 2006