

**CORAL REEF MONTESSORI ACADEMY
CHARTER SCHOOL, INC.
MIAMI, FLORIDA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006

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CORAL REEF MONTESSORI ACADEMY
(A Charter School Under Coral Reef Montessori, Inc.)

10853 S.W. 216th Street
Miami, Florida 33016
(305) 255-0064

2005-2006

BOARD OF DIRECTORS

Ms. Elsie Hamler, President
Mr. Victor Golden, Vice-President
Ms. Geraldine Townsend, Secretary
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Mr. Ray Fauntroy
Ms. Kim Thomas
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SCHOOL ADMINISTRATION

Ms. Lucy Canzoneri-Golden, Co-Director
Ms. Juliet King, Co-Director



INDEPENDENT AUDITORS' REPORT

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

Board of Directors
Coral Reef Montessori Academy Charter School, Inc.
Miami, Florida

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School, 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 financial statements of the School as of June 30, 2005, were audited by other auditors whose report dated September 16, 2005, expressed an unqualified opinion on those 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 Coral Reef Montessori Academy Charter School, 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.

CERTIFIED PUBLIC ACCOUNTANTS

A LIMITED LIABILITY PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS

The Management's Discussion and Analysis (MD&A) on pages 4 through 9 and the Schedules of Revenues, Expenditures and Changes in Fund Balance—budget to actual on page 22 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

Miami, Florida
August 25, 2006

Management's Discussion and Analysis
Coral Reef Montessori Academy Charter School, Inc.
June 30, 2006

The corporate officers of Coral Reef Montessori Academy Charter School, 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 Charter School exceeded its liabilities at June 30, 2006 by \$491,559 (net assets).
2. At year-end, the School had current assets on hand of \$128,779.
3. The net assets of the School decreased by \$18,103 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 required 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 as soon as the underlying event resulting in the change 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 10 - 11 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 budget for its general fund basis. 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 12 - 16 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 17 - 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school’s financial position. In the case of the School, assets exceeded liabilities by \$491,559 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2006 and 2005 follows:

	2006	2005
Cash	\$ 21,956	\$ --
Cash restricted	90,000	105,662
Accounts Receivable	-	828
Due from Other Agencies	-	15,090
Prepaid expenses and other assets	16,823	4,668
Capital Assets	<u>3,767,950</u>	<u>3,781,650</u>
Total Assets	<u>\$ 3,896,729</u>	<u>\$ 3,907,898</u>
Bank overdraft	\$ -	\$ 1,850
Accounts payable and accrued liabilities	55,170	46,386
Line of credit	50,000	50,000
Note Payable	<u>3,300,000</u>	<u>3,300,000</u>
Total Liabilities	<u>\$ 3,405,170</u>	<u>\$ 3,398,236</u>
Invested in Capital Assets, net of related debt	\$ 467,950	\$ 481,650
Unreserved, designated for capital projects	90,000	105,662
Unreserved	(66,391)	(77,650)
Total net assets	<u>\$ 491,559</u>	<u>\$ 509,662</u>

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets with a net increase for the year. The same situation held true for the prior fiscal year.

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	\$ 80,700	\$ 160,321
Capital Grants and Contributions	109,911	152,246
Charges for Services	403,870	308,827
General Revenues		
Grants and Contribution	1,908,356	1,434,374
Fundraising and other	19,462	33,003
Interest	<u>4,132</u>	<u>4,407</u>
Total Revenues	<u>\$ 2,526,431</u>	<u>\$ 2,093,178</u>
EXPENSES		
Instructional services	\$ 1,300,988	\$ 1,381,507
Pupil personnel services	-	13,750
Instructional media services	-	698
Instructional and curriculum development services	-	31,067
Instructional staff training services	40,854	16,120
Board	8,000	26,199
General administration	7,826	-
School administration	307,499	121,183
Facilities acquisition and construction	422,667	212,486
Fiscal services	22,976	23,406
Food services	41,162	-
Central services	95,553	82,232
Pupil transportation services	28,745	30,775
Operation of plant	160,260	250,921
Maintenance of plant	19,248	37,657
Community services	7,051	3,467
Unallocated depreciation	<u>81,705</u>	<u>43,763</u>
Total Expenses	<u>\$ 2,544,534</u>	<u>\$ 2,275,231</u>
Decrease in Net Assets	(18,103)	(182,053)
Net Assets at Beginning of Year	<u>509,662</u>	<u>691,715</u>
Net Assets at End of Year	<u>\$ 491,559</u>	<u>\$ 509,662</u>

The School's revenue increased by \$433,253 in the current year and expenses increased by \$269,303. The most significant increase in revenues was an increase to Charges for Services and to General Grants and Contributions of \$95,043 and \$473,982. The increase in expenses is mainly due to an increase in School Administration and Interest Expense. In addition, the School increased its cash by \$8,144. The School had a decrease in its Net Assets (Decrease in Net Assets) of \$18,103 for the year. If the School computed its Change in Net Assets before Unallocated Depreciation (a non-cash expense) of \$81,705, its Change in Net Assets would have been an increase in net assets of \$63,602.

Articulation Agreements

Students who have been identified as high risk in K-8th in either reading or math will have an Academic Improvement Plan (AIP) developed. The School will monitor those students closely by using state mandated diagnosis tools. The School will follow the recommendation of the Department of Education in regards to the Middle School Reform Act. Thus, students in the Middle School who have been identified as needing remediation in reading will receive an additional intensive reading course, thereby increasing their instructional day by one hour.

Accomplishments

The School received an “A” grade for the 2005 – 2006 school year, an improvement from the “C” grade earned the previous year. This was a huge accomplishment for the School because only a handful of schools in the District School Board of Miami-Dade County (the “District”) were able to improve by two letter grades. In addition the School was included in the top 100 elementary schools in the State of Florida that posted the highest increase in the percent of students scoring 3.5 and above on the 2006 FCAT Writing over the previous year. In addition to the hard work and dedication of the staff, these accomplishments were due to the professional development the School was able to provide to its employees. As a result, eighty percent of the School’s Pre-K and Kindergarten teacher assistants completed their Montessori Training and will receive their American Montessori Society (AMS) Certification as Pre-K and Kindergarten teachers. One hundred percent of the middle school teachers received the Middle School Montessori training and all teachers in grades kindergarten through eighth received extensive training for FCAT preparation in reading, writing and mathematics.

The School ranked in the Top 10, under the combination elementary and middle school category in the District. The School received the honor of ranking in the Top 50 in the State of Florida under the category of combination elementary and middle schools for making the most year-to-year progress in school grades.

The School is in the process of obtaining joint accreditation from the Southern Association of Colleges and Schools (“SACS”) and AMS.

Achievement Award

The school received a congratulatory letter from Governor Jeb Bush and Education Commissioner John Winn thanking the staff for their dedication, commitment and hard work for making the School one of the top 100 elementary schools in the state of Florida that had the highest increase in the percent of students scoring 3.5 and above on 2006 FCAT Writing.

In addition, the State of Florida awarded \$34,300 to Coral Reef Montessori for the 2006-07 school year for outstanding academic performance for the 2005-2006 school year.

School Location

The School operates in the Miami area from its facility located at 10853 S.W. 216 Street, Miami, FL 33170.

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.

At the end of the fiscal year, the School's governmental fund reported combined ending fund balances of \$23,609, a decrease of \$4,403 in comparison with the prior year. The decrease is mainly attributable to the increase in expenditures due to the increase in hiring of more staff teachers and assistants, increase in health insurance coverage to 100%, and the increase in retirement benefits. During the year, the School enrolled in the Florida Retirement System ("FRS"). Retirement benefits were offered to all full-time and part-time employees, except those that were subcontracted employees. The School is one of the only charter schools in Miami-Dade County to offer the FRS benefits. The unreserved designated for capital projects net assets balance is available for improvements on the land purchased for the construction of the new facilities.

Capital Assets

The School's investment in capital assets as of June 30, 2006 amounts to \$3,767,950 (net of accumulated depreciation). This investment in capital assets includes land, school building, furniture, fixtures and computer equipment.

Note Payable

The School has a note payable of \$3,300,000 as of June 30, 2006, which bears interest at 12.75%. The School has a commitment to refinance this note pending the completion of the audited financial statements.

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.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State government funding	\$ 1,611,460	\$ 1,611,460	\$ 1,910,056
Capital outlay funding	144,000	144,000	109,911
Charges for services and other revenue	374,000	374,000	506,464
Total Revenues	2,129,460	2,129,460	2,526,431
EXPENSES			
Instructional services	1,071,000	1,071,000	1,300,989
Pupil personnel services	239,800	239,800	-
Instructional media services	239,500	239,500	-
Instructional and curriculum development services	52,000	52,000	-
Instructional staff training services	25,400	25,400	40,854
Board	16,000	16,000	8,000
General Administration	10,000	10,000	7,826
School administration	9,300	9,300	307,499
Facilities acquisition and construction	25,000	25,000	422,668
Fiscal services	10,000	10,000	22,976
Food services	13,000	13,000	41,162
Central services	25,000	25,000	95,553
Pupil transportation services	14,000	14,000	28,745
Operation of plant	280,000	280,000	160,259
Maintenance of plant	29,200	29,200	19,247
Community services	38,000	38,000	7,051
Total Expenses	2,097,200	2,097,200	2,462,829
Excess of Revenues over Expenditures Before Capital Outlay	32,260	32,260	63,602
OTHER CAPITAL OUTLAY	-	-	(68,005)
Net Change in Fund Balance	\$ 32,260	\$ 32,260	\$ (4,403)

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year. In addition, since this is the first year of operations of the School in their new facilities there were several unexpected expenditures.

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. Juliet King and Lucy Golden, Co-Directors located at 10853 SW 216 Street, Miami, Florida 33170.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2006

	2006	2005 (Summarized Comparative Information)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,956	\$ -
Cash restricted	90,000	105,662
Accounts receivable, no allowance necessary	-	828
Due from other agencies	-	15,090
Prepaid expenses and other assets	16,823	4,668
Total current assets	<u>128,779</u>	<u>126,248</u>
CAPITAL ASSETS		
Land	980,909	980,909
Building and improvements	2,804,336	2,765,847
Less accumulated depreciation	(98,227)	(34,549)
Furniture, fixtures and computer equipment	121,658	92,142
Less accumulated depreciation	(40,726)	(22,699)
Total capital assets, net	<u>3,767,950</u>	<u>3,781,650</u>
TOTAL ASSETS	<u><u>3,896,729</u></u>	<u><u>3,907,898</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Bank overdraft	\$ -	1,850
Accounts payable and accrued liabilities	2,361	46,386
Wages payable	52,809	-
Line of credit	50,000	50,000
Total current liabilities	<u>105,170</u>	<u>98,236</u>
Note payable	<u>3,300,000</u>	<u>3,300,000</u>
TOTAL LIABILITIES	<u>3,405,170</u>	<u>3,398,236</u>
NET ASSETS		
Invested in capital assets, net of related debt	467,950	481,650
Unreserved, designated for capital projects	90,000	105,662
Unreserved	(66,391)	(77,650)
TOTAL NET ASSETS	<u>491,559</u>	<u>509,662</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,896,729</u></u>	<u><u>3,907,898</u></u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, 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	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
Component Unit Activities:						
Instructional services	\$1,300,988	\$403,870	\$ 80,700	\$ -	(816,418)	\$ (1,190,051)
Pupil personnel services	-	-	-	-	-	(13,750)
Instructional media services	-	-	-	-	-	5,246
Instructional and curriculum development services	-	-	-	-	-	(31,067)
Instructional staff training services	40,854	-	-	-	(40,854)	(12,118)
Board	8,000	-	-	-	(8,000)	(26,199)
General administration	7,826	-	-	-	(7,826)	-
School administration	307,499	-	-	-	(307,499)	(5,711)
Facilities acquisition & construction	422,667	-	-	109,911	(312,756)	(212,486)
Fiscal services	22,976	-	-	-	(22,976)	(23,406)
Food services	41,162	-	-	-	(41,162)	-
Central services	95,553	-	-	-	(95,553)	(82,232)
Pupil transportation services	28,745	-	-	-	(28,745)	(6,758)
Operation of plant	160,260	-	-	-	(160,260)	(87,789)
Maintenance of plant	19,248	-	-	-	(19,248)	(37,657)
Community services	7,051	-	-	-	(7,051)	113,904
Unallocated depreciation	81,705	-	-	-	(81,705)	(43,763)
Total Governmental Activities	2,544,534	403,870	80,700	109,911	(1,950,053)	(1,653,837)
GENERAL REVENUES:						
					1,908,356	1,434,374
					4,132	4,407
					19,462	33,003
					<u>1,931,950</u>	<u>1,471,784</u>
					(18,103)	(182,053)
					<u>509,662</u>	<u>691,715</u>
					<u>\$ 491,559</u>	<u>\$ 509,662</u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
BALANCE SHEET
JUNE 30, 2006

	2006		2005	
	General Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
ASSETS				
Cash	21,956	-	21,956	\$ -
Restricted cash	-	90,000	90,000	105,662
Accounts receivable	-	-	-	828
Due from other government agencies	-	-	-	15,090
Prepaid expenses	16,823	-	16,823	4,668
TOTAL ASSETS	38,779	90,000	128,779	126,248
LIABILITIES AND FUND BALANCES				
Bank overdraft	-	-	\$ -	\$ 1,850
Accounts payable and accrued liabilities	2,361	-	2,361	46,386
Wages payable	52,809	-	52,809	-
Line of credit	50,000	-	50,000	50,000
TOTAL LIABILITIES	105,170	-	105,170	98,236
FUND BALANCE				
Unreserved, designated for capital projects	-	90,000	90,000	105,662
Unreserved	(66,391)	-	(66,391)	(77,650)
TOTAL FUND BALANCE	(66,391)	90,000	23,609	28,012
TOTAL LIABILITIES AND FUND BALANCE	38,779	90,000	128,779	126,248

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, 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
FOR THE YEAR ENDED JUNE 30, 2006

Total Fund Balance - Governmental Funds	\$ 23,609
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets of \$3,906,903, net of accumulated depreciation of \$138,953 used in governmental activities are not financial resources and therefore are not reported in the fund.	3,767,950
Long-term liabilities of \$3,300,000 are not due and payable in the current period and therefore, are not reported in the funds.	<u>(3,300,000)</u>
Total Net Assets - Governmental Activities	<u>\$ 491,559</u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, 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	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
REVENUES				
State government grants	1,908,356	-	1,908,356	\$ 1,594,695
Capital outlay funding and SIT	-	109,911	109,911	152,246
Charges for services and other grants	484,570	-	484,570	308,827
Other	19,462	-	19,462	33,003
Interest	4,132	-	4,132	4,407
TOTAL REVENUES	\$ 2,416,520	\$ 109,911	\$ 2,526,431	2,093,178
EXPENDITURES				
Current:				
Instructional services	\$ 1,300,989	\$ -	\$ 1,300,989	1,381,507
Pupil personnel services	-	-	-	13,750
Instructional media services	-	-	-	698
Instructional and curriculum development services	-	-	-	31,067
Instructional staff training services	40,854	-	40,854	16,120
Board	8,000	-	8,000	26,199
General administration	7,826	-	7,826	-
School administration	307,499	-	307,499	121,183
Facilities acquisition & construction	297,094	125,573	422,667	212,486
Fiscal services	22,976	-	22,976	23,406
Food services	41,162	-	41,162	-
Central services	95,553	-	95,553	82,232
Pupil transportation services	28,745	-	28,745	30,775
Operation of plant	160,259	-	160,259	250,921
Maintenance of plant	19,247	-	19,247	37,657
Community services	7,051	-	7,051	3,467
Capital outlay:				
Facilities acquisition and renovation	38,489	-	38,489	1,612,517
Other capital outlay	29,516	-	29,516	34,861
TOTAL EXPENDITURES	2,405,260	125,573	2,530,833	3,878,846
Deficiency of revenues over expenditures	11,260	(15,662)	(4,402)	(1,785,668)
OTHER FINANCING SOURCES				
Proceeds from long-term financing	-	-	-	1,734,825
Total other financing sources	-	-	-	1,734,825
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	11,260	(15,662)	(4,402)	(50,843)
Fund balance at beginning of year	(77,650)	105,662	28,012	78,855
Fund balance at end of year	<u>\$ (66,390)</u>	<u>\$ 90,000</u>	<u>\$ 23,610</u>	<u>\$ 28,012</u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, 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 \$ (4,402)

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 depreciation of \$81,705 exceeded capital outlays of \$68,005.

(13,700)

Change in Net Assets of Governmental Activities \$ (18,102)

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY
STATEMENT OF NET ASSETS - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Agency Fund
	Student Activity
Assets	
Cash	\$ 16,666
TOTAL ASSETS	<u>\$ 16,666</u>
Liabilities	
Due to student groups	\$ 16,666
TOTAL LIABILITIES	<u>\$ 16,666</u>

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

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Coral Reef Montessori Academy Charter School, Inc., (the “School”) is a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 228.056, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of 7 members.

The general operating authority of Coral Reef Montessori Academy Charter School, Inc., (the “School”) is contained in Section 228.056, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2008 and may be renewed for up to an additional 10 years by mutual agreement between the School and the School Board. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the School District is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School District may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2006, when 345 students were enrolled in grades kindergarten through eight and 55 students were enrolled in the pre-school program at the School for the 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 – used to account for the full-time equivalent (FTE) revenue received from the School Board and the expenditures incurred under the School contract with the School Board. In addition, it is used to account for unrestricted contributions, interest income and other income.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund – used to account for Capital Outlay funds and School infrastructure Thrift (SIT) funds. These funds have been segregated to account for renovation to the existing facility or the acquisition of new facilities.

GASB 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the Statement of Net Assets.

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Coral Reef Montessori Academy Charter School, Inc., (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 90 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

The School’s cash is considered to be cash on hand and demand deposits.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash consists of a CD used as collateral for a letter of credit required by an agreement between the School and Miami-Dade County Public Works Department for improvements to the subdivision where the new school building will be constructed. This amount is recorded as Cash Restricted and included under Net Assets Unreserved, Designated for Capital Projects.

Accounts receivable

Accounts receivable consists of pre-K tuition and after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. 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:

Furniture, Fixtures	5 Years
Computer equipment	7 Years
Software	39 Years

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.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditure and are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 – 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	Deletions	Balance 06/30/06
Capital Assets				
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building and Improvements	2,765,847	38,489	-	2,804,336
Furniture, Equipment and Textbooks	<u>92,142</u>	<u>29,516</u>	<u>-</u>	<u>121,658</u>
Total Capital Assets	3,838,898	68,005	-	3,906,903
Less Accumulated Depreciation				
Building and Improvements	(34,549)	(63,677)	-	(98,227)
Furniture, Equipment and Textbooks	<u>(22,699)</u>	<u>(18,028)</u>	<u>-</u>	<u>(40,726)</u>
Total Accumulated Depreciation	(57,248)	(81,705)	-	(138,953)
Capital Assets, net	<u>\$ 3,781,650</u>	<u>(\$ 13,700)</u>	<u>\$ -</u>	<u>\$ 3,767,950</u>

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 4 – CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense for the year ended June 30, 2006 was \$81,705 and has been allocated to various functions in the Statement of Activities.

NOTE 5 – RELATED PARTIES

Each of the co-directors of the School has relatives that serve on the School’s Board of Directors. The total salaries paid to the co-directors were \$172,325 for the year ended June 30, 2006. In addition, two daughters of a co-director, when home from college, were employed on a part-time basis as substitute teachers in the after care program.

NOTE 6 – LINE OF CREDIT

The School has a \$50,000 line of credit agreement with a financial institution. This financial institution advances on the credit line are payable on demand and carry an interest rate of the financial institution’s Prime Rate plus 1.25%. The total outstanding balance at June 30, 2006 was \$50,000.

NOTE 7 – NOTES PAYABLE

The School’s obligation under notes payable consists of the following:

	Balance 07/01/05	Additions	Retirements	Balance 06/30/06
Note Payable, issued on January 31, 2005, interest only payments at 12.75%, maturity date January, 1, 2008.	<u>\$ 3,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,300,000</u>
Total	<u>\$ 3,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,300,000</u>

Maturities of long-term debt are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2007	\$ -
2008	<u>3,300,000</u>
2009	<u>\$ 3,300,000</u>

NOTE 8 – 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 \$111,956 and the respective bank balances totaled \$154,697. Out of the total bank balances, \$100,000 was covered by the Federal Depository Insurance Corporation (FDIC). The amount of deposits not insured by FDIC or collateralized, and therefore subject to custodial credit risk was \$54,697 at year end.

NOTE 9 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, 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

	Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State government funding	\$ 1,611,460	\$ 1,611,460	\$ 1,910,056
Capital outlay funding	144,000	144,000	109,911
Other grants	-	-	-
Charges for services and other revenue	374,000	374,000	506,464
TOTAL REVENUE	2,129,460	2,129,460	2,526,431
EXPENDITURES			
Instructional services	1,071,000	1,071,000	1,300,989
Pupil personnel services	14,000	14,000	-
Instructional media services	16,000	16,000	-
Instructional and curriculum development services	9,300	9,300	-
Instructional staff training services	38,000	38,000	40,854
Board	29,200	29,200	8,000
General administration	10,000	10,000	7,826
School administration	239,800	239,800	307,499
Facilities acquisition & construction	280,000	280,000	422,668
Fiscal services	13,000	13,000	22,976
Food services	25,000	25,000	41,162
Central services	25,400	25,400	95,553
Pupil transportation services	25,000	25,000	28,745
Operation of plant	239,500	239,500	160,259
Maintenance of plant	52,000	52,000	19,247
Community services	10,000	10,000	7,051
TOTAL EXPENDITURES	2,097,200	2,097,200	2,462,829
Excess of Revenues over Expenditures before Capital Outlay	32,260	32,260	63,602
OTHER CAPITAL OUTLAY	-	-	(68,005)
NET CHANGE IN FUND BALANCE	\$ 32,260	\$ 32,260	\$ (4,403)



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
Coral Reef Montessori Academy Charter School, Inc.
Miami, Florida

We have audited the financial statements of Coral Reef Montessori Academy Charter School, Inc., (the "School") as of, and for the year ended June 30, 2006, and have issued our report thereon dated August 25, 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 School'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 the School in a separate management letter which is included in this reporting package.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Verdya & DeComas
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 25, 2006

MANAGEMENT LETTER

Board of Directors of
Coral Reef Montessori Academy Charter School, Inc.
Miami, Florida

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.

This letter is written in connection with our audit of the basic financial statements of Coral Reef Montessori Academy Charter School, 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, except as noted below:

PRIOR YEAR FINDINGS

2004-3 Purchase And Invoice Approval

Observation

Even though the procedures over purchases were implemented in the current fiscal year 2005-2006, we noted certain disbursements did not have a completed and signed Purchase Order form.

Recommendation

The School should monitor its compliance with the policies and procedures over purchases to ensure all purchases adhere to School policies and procedures.

Benefit

By ensuring that the policies and procedures are being followed, the School will strengthen its controls over its purchases and disbursements.

Current Year Status

This observation was still applicable in fiscal year 2006.

2. Prior Year Findings (Continued)

Management Response

During the year, the School's management had been working with its accountant to finalize not only its Accounting Policies and Procedures Manual but also the financial forms, including a standard Purchase Order form, to be used when initiating financial transactions. The forms have been ordered from the printer and should be available for use starting with the new school year.

2005-3 Safeguarding Against Double Payments

Observation

In the course of our testing, we noted that neither invoice nor supporting documentation was effectively canceled upon payment to the vendor.

Recommendation

Once payments are made to vendors, all supporting documentation should be stamped "Paid". Payment should only be made on the original invoice.

Benefit

These procedures will prevent payment duplication.

Current Year Status

This observation was still applicable in fiscal year 2006.

Management Response

For the new school year, the School's management has ordered a "Paid" rubber stamp which will be used on all invoices as they are paid. Additionally, the check # and date of the check issued for payment will be reflected on the invoice. If partial payments are made on a particular invoice, the invoice will be noted as such and the remaining balance due will be also noted accordingly.

3. The following are current year recommendations to improve the School's financial management, accounting procedures and internal controls:

CURRENT YEAR FINDINGS

2006-1 Personnel Files

Observation

As a result of testing the personnel file contents of certain employees, we noted several discrepancies relating to the documents which according to the School policies and procedures are required to be maintained in each file.

2006-1 Personnel Files (Continued)

Recommendation

Management should create and use a personnel file checklist which contains the list of documents which are required to be maintained in each employee's file. This checklist should then be used as a tool to conduct spot checks on the files.

Benefit

By conducting periodic reviews of its personnel files, management will ensure its files are maintained in accordance with its policies and procedures.

Management Response

The School's management will create a checklist of the documents required for the personnel file. Additionally, formal Employment Contracts will be developed, utilized, and maintained as part of the personnel files to fully document all details (i.e compensation, terms, benefits, etc.) of the employment for all employees.

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

CORAL REEF MONTESSORI ACADEMY

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.
- N/A 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).
- N/A 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.).
- N/A 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.