

FLORIDA INTERNATIONAL
ACADEMY, INC.

BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

June 30, 2006

MANAGEMENT AND
FINANCIAL STATEMENTS
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KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INTERNATIONAL ACADEMY, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
TABLE OF CONTENTS
June 30, 2006

	<u>PAGES</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (NOT COVERED BY INDEPENDENT AUDITORS' REPORT)	3-6

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Assets	7
Statement of Activities	8

Fund Financial Statements:

Balance Sheet - Governmental Fund	9
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund	10
Notes to Basic Financial Statements	11-14

SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule	15
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OTHER AUDITORS' REPORTS

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 <u>Government Auditing Standards</u>	16-17
Independent Auditors' Report to the Board of Directors	18



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of Florida International Academy, Inc. (a component unit of the Miami-Dade County Public School District), as of and for the year ended June 30, 2006, which collectively comprise the School's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Florida International Academy, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Florida International Academy, Inc., as of June 30, 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 10, 2006, on our consideration of Florida International Academy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Florida International Academy, Inc.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Florida International Academy, Inc.'s basic financial statements. The budgetary comparison schedule on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 10, 2006

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

FLORIDA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Our discussion and analysis of Florida International Academy, Inc.'s (the School) financial performance provides an overview of the School's financial activities for the year ended June 30, 2006 and 2005. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:

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

The statement of net assets presents information on all the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements:

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

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

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

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

FLORIDA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

Notes to Basic Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 11-14 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on page 15 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net assets as of June 30, 2006 and 2005:

Florida International Academy, Inc.'s Net Assets

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Variances</u>
CURRENT ASSETS	\$ 294,222	\$ 253,952	\$ 40,270
NONCURRENT ASSETS	<u>65,131</u>	<u>87,299</u>	<u>(22,168)</u>
Total assets	\$ <u>359,353</u>	\$ <u>341,251</u>	\$ <u>18,102</u>
 LIABILITIES	 \$ <u>136,343</u>	 \$ <u>126,738</u>	 \$ <u>9,605</u>
NET ASSETS:			
Invested in property and equipment	50,131	72,298	(22,167)
Restricted	44,070	--	44,070
Unrestricted	<u>128,809</u>	<u>142,215</u>	<u>(13,406)</u>
Total net assets	<u>223,010</u>	<u>214,513</u>	<u>8,497</u>
Total liabilities and net assets	\$ <u>359,353</u>	\$ <u>341,251</u>	\$ <u>18,102</u>

A portion of the School's net assets reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2006, the School had \$ 44,070 restricted for the Summer 21st Century Learning Community grant. The remaining balance, unrestricted, may be used to meet the School's ongoing obligations.

FLORIDA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

The following table reflects the School's change in net assets for the years ended June 30, 2006 and 2005.

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

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Variances</u>
REVENUES:			
General revenues	\$ 1,486,120	\$ 1,297,389	\$ 188,731
Program revenues:			
Operating grants and contributions	448,186	718,707	(270,521)
Capital outlay funds	<u>111,067</u>	<u>109,301</u>	<u>1,766</u>
Total revenues	<u>2,045,373</u>	<u>2,125,397</u>	<u>(80,024)</u>
EXPENSES:			
Instruction	786,743	885,503	98,760
Administration	289,154	213,511	(75,643)
Facilities acquisition	196,200	141,157	(55,043)
Community services	184,989	126,764	(58,225)
Operation of plant	156,576	185,574	28,998
Pupil transportation services	142,733	145,938	3,205
Food services	140,467	123,705	(16,762)
Fiscal services	95,379	95,744	365
Maintenance of plant	27,594	22,956	(4,638)
Board	<u>17,041</u>	<u>10,672</u>	<u>(6,369)</u>
Total expenses	<u>2,036,876</u>	<u>1,951,524</u>	<u>(85,352)</u>
Change in net assets	8,497	173,873	(165,376)
NET ASSETS, July 1, 2005	<u>214,513</u>	<u>40,640</u>	<u>173,873</u>
NET ASSETS, June 30, 2006	\$ <u>223,010</u>	\$ <u>214,513</u>	\$ <u>8,497</u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the School. At the end of year 2006, unreserved fund balance of the General Fund was \$ 122,801, a decrease of \$ 19,413 from the prior year. The overall General Fund balance increased \$ 30,665 primarily due to higher revenues as a result from an increase in student enrollment of five percent.

FLORIDA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2006

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Major repairs to elevator
- Eligibility for school recognition funds
- Income from Federal lunch reimbursement
- Salary raises
- Increased health insurance premiums
- Increase in property and casualty insurance

Differences between the final amended budget and actual amounts, budgetary basis are attributable to delayed use of the 21st Century project monies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The School's investment in capital assets as of June 30, 2006 amounts to \$ 50,131 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements and office equipment. The School has no outstanding debt at June 30, 2006.

ECONOMIC FACTORS

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2007 include:

- Increases in capital asset funding
- Increases in property and casualty insurance

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL ACADEMY, INC.
STATEMENT OF NET ASSETS
June 30, 2006

A S S E T S

CURRENT ASSETS:

Cash	\$	253,934
Accounts receivable		17,603
Due from other governments		16,677
Prepaid expenses		<u>6,008</u>
Total current assets		<u>294,222</u>

NONCURRENT ASSETS:

Deposit		15,000
Capital assets, depreciable		119,453
Less: accumulated depreciation		<u>(69,322)</u>
Total noncurrent assets		<u>65,131</u>

Total assets	\$	<u><u>359,353</u></u>
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L I A B I L I T I E S A N D N E T A S S E T S

LIABILITIES:

Accounts payable	\$	2,583
Accrued payroll and related taxes		89,277
Due to other governments		<u>44,483</u>
Total liabilities		<u>136,343</u>

NET ASSETS:

Invested in capital assets		50,131
Restricted		44,070
Unrestricted		<u>128,809</u>
Total net assets		<u>223,010</u>

Total liabilities and net assets	\$	<u><u>359,353</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Change in Net Assets
		Capital Outlay Funds	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Instruction	\$ 786,743	\$ --	\$ 286,470	\$ (500,273)
Administration	289,154	--	--	(289,154)
Facilities acquisition	196,200	111,067	--	(85,133)
Community services	184,989	--	156,879	(28,110)
Operations of plant	156,576	--	--	(156,576)
Pupil transportation services	142,733	--	--	(142,733)
Food services	140,467	--	4,837	(135,630)
Fiscal services	95,379	--	--	(95,379)
Maintenance of plant	27,594	--	--	(27,594)
Board	17,041	--	--	(17,041)
 Total governmental activities	 \$ <u>2,036,876</u>	 \$ <u>111,067</u>	 \$ <u>448,186</u>	 <u>(1,477,623)</u>
 General revenues:				
				1,476,952
FTE non-specific revenues				8,530
Miscellaneous revenue				638
Investment earnings				
				<u>1,486,120</u>
				8,497
				Change in net assets
Net assets:				
				214,513
				July 1, 2005
				\$ 223,010
				June 30, 2006

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

FLORIDA INTERNATIONAL ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2006

		General Fund
A S S E T S		
ASSETS:		
Cash	\$	253,934
Accounts receivable		17,603
Due from other governments		16,677
Prepaid expenditures		6,008
Deposit		15,000
Total assets	\$	309,222

LIABILITIES AND FUND BALANCE

LIABILITIES:		
Accounts payable	\$	2,583
Accrued payroll and related taxes		89,277
Due to other governments		44,483
Total liabilities		136,343
FUND BALANCE:		
Reserved for future expenditures		44,070
Reserved for prepaid expenditures		6,008
Unreserved		122,801
Total liabilities and fund balance		172,879
	\$	309,222

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS:**

Governmental fund balance:	\$	172,879
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Amounts reported for governmental activities in the statement of net assets are different because:

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

The cost of capital assets is	\$	119,453	
Accumulated depreciation is		(69,322)	50,131

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	223,010
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The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2006

	General Fund
REVENUES:	
State sources	\$ 1,588,019
Federal sources	417,949
Local sources	<u>39,405</u>
Total revenues	<u>2,045,373</u>
 EXPENDITURES:	
Current -	
Instruction	765,575
Administration	289,154
Facilities acquisition	196,200
Community services	184,989
Operation of plant	155,576
Pupil transportation services	142,733
Food service	140,467
Fiscal services	95,379
Maintenance of plant	27,594
Board	<u>17,041</u>
Total expenditures	<u>2,014,708</u>
Net change in fund balance	30,665
FUND BALANCE, July 1, 2005	<u>142,214</u>
FUND BALANCE, June 30, 2006	\$ <u>172,879</u>
 NET INCREASE IN FUND BALANCE - GOVERNMENTAL FUND:	 \$ 30,665
 Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as a provision for depreciation.	
Provision for depreciation	<u>22,168</u>
 CHANGE IN NET ASSETS ON THE STATEMENT OF ACTIVITIES	 \$ <u>8,497</u>

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

FLORIDA INTERNATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - ORGANIZATION AND OPERATIONS

Florida International Academy, Inc. (the School), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The School commenced operations in August, 1998 and now offers classes for grades six through eight in the City of Miami with a student enrollment of 259.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

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

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

Basis of presentation:

Based on the contractual provisions within the School's contract with the Miami-Dade County Public School District and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Basic Financial Statements - Government-wide Statements:

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

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

FLORIDA INTERNATIONAL ACADEMY, INC.
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of June 30, 2006, all of the School's net assets were classified as:

Invested in capital assets	\$	50,131
Restricted		44,070
Unrestricted		<u>128,809</u>
	\$	<u>223,010</u>

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

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

Basic Financial Statements - Fund Financial Statements:

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

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or 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. As of June 30, 2006, amounts reserved for fund balance include prepaid expenditures and unspent award proceeds to be used subsequent to year end of \$ 6,008 and \$ 44,070, respectively. The remaining fund balance of \$ 122,801 is unreserved.

Measurement focus and basis of accounting:

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

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

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

FLORIDA INTERNATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets:

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

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

Office equipment	5 years
Leasehold improvements	2 years

Grant and contract revenue:

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

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund by function for the year ended June 30, 2006. The budget has been prepared in accordance with generally accepted accounting principles. A comparison of the actual results of operations to the final budgeted amounts for the General Fund is presented as required supplemental information.

NOTE 4 - DEPOSITS

At June 30, 2006 the total carrying amount of the School's cash balances was \$ 261,798. The bank balance at local depositories was \$ 263,598, of which \$ 100,000 is insured by the FDIC and \$ 163,598 exceeds Federally insured limits.

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Capital assets, depreciable:				
Office equipment	\$ 115,669	\$ --	\$ --	\$ 115,669
Leasehold improvements	<u>3,784</u>	<u>--</u>	<u>--</u>	<u>3,784</u>
	<u>119,453</u>	<u>--</u>	<u>--</u>	<u>119,453</u>
Accumulated depreciation:				
Office equipment	45,318	21,538	--	66,856
Leasehold improvements	<u>1,836</u>	<u>630</u>	<u>--</u>	<u>2,466</u>
	<u>47,318</u>	<u>22,168</u>	<u>--</u>	<u>69,322</u>
Net capital assets	<u>\$ 72,299</u>	<u>\$ 22,168</u>	<u>\$ --</u>	<u>\$ 50,131</u>

FLORIDA INTERNATIONAL ACADEMY, INC.
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation for the year ended June 30, 2006, amounted to \$ 22,168. The School allocated depreciation of \$ 1,000 and \$ 21,168 to supporting services and instructional services, respectively.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the district school board upon the non-renewal or termination of the contract (Note 7).

NOTE 6 - LEASES

The School leases facilities for its operations. The lease requires monthly rent in the amount of \$ 15,000 with increases of 9% annually in July until the lease expires in June 30, 2008. In connection with this lease, the rent for the year ended June 30, 2006, totaled approximately \$ 189,000.

The School had leases for certain items of equipment payable at \$ 263 and \$ 431 per month until June 2006. In connection with these leases, the rent for the year ended June 30, 2006, totaled approximately \$ 13,700.

Future lease payments are approximately as follows:

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

NOTE 7 - CONTINGENCIES AND COMMITMENTS

The School received financial assistance from Federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, the School is not required to conduct a "single audit" since the required threshold for both Federal and state money is currently \$ 500,000 and the School did not exceed such threshold.

The School also has a contract with the management company to assist School management in performing various administrative, operating, and financial duties. Under the terms of the agreement, the School will pay \$ 6,500 per month through June 2007. The total amount incurred during the year ended June 30, 2006 relating to this contract was \$ 78,000. This contract can be terminated unilaterally by either party if school enrollment falls below 200 students.

NOTE 8 - INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

FLORIDA INTERNATIONAL ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Original	Final			
REVENUES:					
FTE revenues	\$ 1,375,624	\$ 1,378,902	\$ 1,476,952	\$ --	\$ 1,476,952
Operating grants and contributions	380,822	380,822	337,939	--	337,939
Capital outlay funds	109,496	111,067	111,067	--	111,067
Federal food service reimbursement	74,537	80,010	80,010	--	80,010
School recognition funds	--	49,600	24,600	--	24,600
Miscellaneous income	2,000	8,421	9,080	--	9,080
Student breakfast/lunches	4,407	4,395	4,837	--	4,837
Investment earnings	200	650	638	--	638
Donations	1,000	250	250	--	250
Total revenues	1,948,086	2,014,117	2,045,373	--	2,045,373
EXPENDITURES:					
Salaries	875,362	894,642	876,156	--	876,156
Professional services	339,835	340,027	299,639	--	299,639
Rentals	209,600	207,442	207,440	--	207,440
Lunches	100,378	111,516	111,517	--	111,517
Employee insurance	91,619	81,767	82,916	--	82,916
Utilities	56,700	77,889	78,784	--	78,784
Administrative charges	--	--	73,850	--	73,850
Social security taxes	66,955	68,722	68,624	--	68,624
Textbooks	23,521	24,275	51,776	--	51,776
Repairs and maintenance	25,000	28,500	35,758	--	35,758
Supplies	17,996	22,496	24,032	--	24,032
Provision for depreciation	--	--	--	(1) 22,168	22,168
Other personal services	1,500	--	21,450	--	21,450
Insurance	10,000	17,872	17,873	--	17,873
Workers' compensation insurance	15,778	16,327	16,327	--	16,327
Travel	11,120	11,920	12,652	--	12,652
Unemployment taxes	11,058	10,676	11,373	--	11,373
Non-professional services	7,200	6,700	5,984	--	5,984
Postage	3,147	3,147	3,955	--	3,955
Dues and fees	4,250	3,650	3,160	--	3,160
Equipment	--	--	2,417	--	2,417
Computer	--	--	2,046	--	2,046
Printing	2,000	2,500	2,012	--	2,012
Software	--	--	2,000	--	2,000
Other employee benefits	1,500	1,521	1,521	--	1,521
Inspections	1,500	1,500	1,257	--	1,257
Gasoline	100	200	189	--	189
Capital outlay	11,322	28,039	--	(1) --	--
Total expenditures	1,887,441	1,961,328	2,014,708	22,168	2,036,876
Change in fund balance	60,645	52,789	30,665	(22,168)	8,497
FUND BALANCE, July 1, 2005	142,214	142,214	142,214	(2) 72,299	214,513
FUND BALANCE, June 30, 2006	\$ 202,859	\$ 195,003	\$ 172,879	\$ 50,131	\$ 223,010

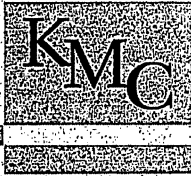
EXPLANATION OF DIFFERENCES:

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a provision for depreciation. This is the amount by which the provision for depreciation exceeds capital outlays in the current year.

\$ 22,168

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

OTHER AUDITORS' REPORTS



KEEFE, McCULLOUGH & CO., LLP
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Florida International Academy, Inc., (a component unit of the Miami-Dade County Public School District) as of and for the year ended June 30, 2006, and have issued our report thereon dated August 10, 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 Florida International Academy, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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

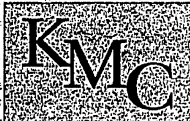
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the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

Florida International Academy, Inc.

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

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

Fort Lauderdale, Florida
August 10, 2006



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

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

This letter is written in connection with our audit of the financial statements of Florida International Academy, Inc., (a component unit of the Miami-Dade Public School District) as of and for the year ended June 30, 2006. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

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

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

Fort Lauderdale, Florida
August 10, 2006