

EARLY BEGINNINGS ACADEMY - CIVIC  
CENTER (A Charter School)

SPECIAL PURPOSE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

EARLY BEGINNINGS ACADEMY - CIVIC CENTER

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
SPECIAL PURPOSE FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Special Purpose Financial Statements	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13
MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	15



MENENDEZ, CPA, P.A.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

### **Report on the Financial Statements**

We have audited the accompanying special purpose financial statements of Early Beginnings Academy-Civic Center (the School), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

19620 Pines Blvd. Suite 224  
Pembroke Pines, FL 33029  
Telephone: (954) 442-7229  
Fax: (954) 431-5852  
E-Mail: mmcpa@bellsouth.net

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

As explained in Note 1 to the special purpose financial statements, the financial statements being presented is only for the School referred to above, which is a program of United Cerebral Palsy of South Florida Charter Schools, Inc. The special purpose financial statements do not include the statements of financial position, activities and changes in net assets and cash flows of United Cerebral Palsy of South Florida Charter Schools, Inc. (a not-for-profit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of United Cerebral Palsy of South Florida Charter Schools, Inc. as of June 30, 2014 and 2013 or its results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Opinion***

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of Early Beginnings Academy-Civic Center as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

***Menendez CPA, P.A.***

Pembroke Pines, FL  
August 26, 2014

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ <b>160,930</b>	\$ 91,181
Accounts receivable, net	<b>137,366</b>	1,260
Due from United Cerebral Palsy Association of Miami, Inc.	-	101,086
Prepaid expenses	<b>1,013</b>	-
<b>TOTAL CURRENT ASSETS</b>	<b>299,309</b>	193,527
PROPERTY AND EQUIPMENT, net	<b>16,127</b>	9,203
<b>TOTAL ASSETS</b>	<b>\$ 315,436</b>	\$ 202,730
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ <b>7,353</b>	\$ 3,083
Payroll related liabilities	<b>16,389</b>	52,849
Due to United Cerebral Palsy Association of Miami, Inc.	<b>139,733</b>	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>163,475</b>	55,932
<b>NET ASSETS</b>		
Unrestricted net assets	<b>151,961</b>	146,798
<b>TOTAL NET ASSETS</b>	<b>151,961</b>	146,798
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 315,436</b>	\$ 202,730

The accompanying notes are an integral part of the special purpose financial statements.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2014 AND 2013**

	<b>2014</b>	2013
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
School Board of Miami-Dade County		
FTE Funding	<b>\$ 1,929,293</b>	\$ 2,146,300
IDEA Funding	<b>133,066</b>	-
Capital Outlay Funding	<b>57,728</b>	36,295
Other	<b>43,506</b>	4,125
	<b>2,163,593</b>	2,186,720
<b>TOTAL REVENUES</b>		
 <b>EXPENSES</b>		
Exceptional student instruction	<b>1,036,397</b>	970,619
Pupil personnel services	<b>220,234</b>	271,597
Instructional and curriculum development services	<b>38</b>	10,422
Board	<b>21,500</b>	18,959
School administration	<b>332,565</b>	292,127
Fiscal services	<b>140,579</b>	211,721
Food services	<b>-</b>	13,298
Central services	<b>10,304</b>	7,585
Pupil transportation services	<b>259,771</b>	232,381
Operation of plant	<b>132,209</b>	138,173
Depreciation	<b>4,833</b>	9,589
	<b>2,158,430</b>	2,176,471
<b>TOTAL EXPENSES</b>		
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>5,163</b>	10,249
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>146,798</b>	136,549
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 151,961</b>	\$ 146,798

The accompanying notes are an integral part of the special purpose financial statements.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 5,163	\$ 10,249
Adjustment to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,833	9,589
(Increase) decrease in:		
Accounts receivable	(136,106)	(1,260)
Prepaid expenses	(1,013)	4,254
Increase (decrease) in:		
Accounts payable and accrued expenses	4,270	(1,324)
Payroll related liabilities	(36,460)	51,120
<b>TOTAL ADJUSTMENTS</b>	<b>(164,476)</b>	<b>62,379</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(159,313)</b>	<b>72,628</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to furniture and equipment	(11,757)	(2,405)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(11,757)</b>	<b>(2,405)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in balance due to/from United Cerebral Palsy Association of Miami, Inc.	240,819	(4,974)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>240,819</b>	<b>(4,974)</b>
<b>NET INCREASE IN CASH</b>	<b>69,749</b>	<b>65,249</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>91,181</b>	<b>25,932</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 160,930</b>	<b>\$ 91,181</b>

The accompanying notes are an integral part of the special purpose financial statements.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Note 1 NATURE OF ACTIVITIES**

**Nature of Activities**

United Cerebral Palsy of South Florida Charter Schools, Inc. (the Organization) is a non-profit organization incorporated under the laws of the State of Florida to provide educational and support services to developmentally disabled children and adolescents ages birth through 22 years; be a community resource for children and adolescents with developmental disabilities; and provide daycare, after school and other related services to children and adolescents of the community, including operating charter schools organized pursuant to Section 228.056 of the Florida Statutes (2001).

On November 17, 2004, the School Board of Miami-Dade County, Florida (the School Board) approved the applications submitted by the Board of Directors of United Cerebral Palsy of South Florida Charter Schools, Inc. for the creation of the Early Beginnings Academy - Civic Center (the School) and the Early Beginnings Academy North Shore Charter School (EBA North Shore). The charter school contract for the School was amended on May 16, 2007 consolidating the operation of the School and EBA North Shore effective for the school year 2007-2008 and providing for operation of the School at three locations (Civic Center, North Shore and Hialeah) serving special education students grades Pre-K to 1<sup>st</sup> grade. The Organization board of directors approved the closing of the Hialeah location to be effective for the 2012-2013 school year, however, the school may be re opened at a later date. The maximum enrollment capacity of the School is 150 students.

The charter for the School was executed on April 14, 2005 and is effective for a period of 5 years commencing on the first day of the 2005-2006 school years, and ending on June 30, 2010. The charter may be renewed for up to an additional fifteen (15) years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e), Florida Statutes (2001), the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter for the school was renewed on May 13, 2010 by the School Board for an additional five year period, commencing on the first day of the 2010-2011 school year and ending on June 30, 2015.

The School is accounted for as a program of the Organization. The governing body of the School is the Organization's Board of Directors.

**Board of Directors**

The Board of Directors of United Cerebral Palsy of South Florida Charter Schools, Inc. consists of the following members:

Roy R. Lustig	Chairperson/President
Jack Schillinger	Vice-Chairperson/Treasurer
Anne Steinhart	Secretary
Marianne Bennett	Member
Jeremy Steinhart	Member

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Note 1 NATURE OF ACTIVITIES (Continued)**

**School Location and Enrollment**

<u>School Name and Addresses</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enroll- ment</u>	<u>School Principal</u>
Early Beginnings Academy Civic Center	4070	Pre-K, K & 1 <sup>st</sup>	150	Barbara Penkosky

Location at Civic Center:  
1411 N.W. 14th Avenue  
Miami, Florida 33125

Location at North Shore:  
985 N.W. 91<sup>st</sup> Street  
Miami, Florida 33150

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements, disclosures and account classifications are presented pursuant to the accounting regulations promulgated by the State of Florida Department of Education. The special purpose financial statements present the financial position, activities, net assets and cash flows for the Early Beginnings Academy - Civic Center only and do not include the assets, liabilities, net assets and statements of activities and cash flows of United Cerebral Palsy of South Florida Charter Schools, Inc.

For financial reporting purposes, Early Beginnings Academy - Civic Center is a program of United Cerebral Palsy of South Florida Charter Schools, Inc. and is included in the Organization's annual financial statements.

**Classification of Net Assets**

Activities of the School are recorded in its Statements of Financial Position and Activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions.

**Cash and Cash Equivalents**

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

**Contributions**

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

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Note 2 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions (Continued)**

donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**Accounts Receivable**

The School uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on management analysis of possible bad debts. As of June 30, 2014 and 2013, there was no allowance for doubtful accounts.

**Property and Equipment**

Property and equipment are recorded at cost, except for donated assets which are recorded at their estimated fair value at the date of donation. The straight-line method is used to provide for depreciation over three to ten year estimated useful lives of the assets. The School capitalizes assets with a cost greater than \$1,000 and a useful life greater than one year. Maintenance and repairs are expensed as incurred; replacements and improvements are capitalized.

**Due to/from United Cerebral Palsy Association of Miami, Inc.**

United Cerebral Palsy of South Florida Charter Schools, Inc. and United Cerebral Palsy Association of Miami, Inc. (UCPM) are considered to be related parties for financial statement reporting purposes. The amounts due to/from UCPM represents funds advanced or received between the School and UCPM (see note 6).

**Use of Estimates**

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

**Revenue Sources**

Student funding is provided by the State of Florida Department of Education (FDOE) through the School Board of Miami-Dade County, Florida. In accordance with the charter agreement, the School Board retains five percent as an administrative fee, approximately \$49,000 during the year ended June 30, 2014. This funding is received on a pro-rata basis over the twelve month period based on the student attendance reported by the school during the designated Full-Time Equivalent (FTE) survey periods.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Note 2 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Sources (Continued)**

Section 1013.62(1), Florida Statutes, establishes eligibility criteria and allocation procedures for the distribution of capital outlay funds to charter schools. Distributions from capital outlay funds are sent on a monthly basis to the sponsoring school district, which in turn remits funds to the charter schools. Capital outlay fund allocations are calculated during the fiscal year based on student membership to date and are recalculated during the fiscal year to properly reflect such data. Pursuant to Section 1013.62(2), Florida Statutes, charter school capital outlay funds may be use only for specific purposes in which the School has complied. The School receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

The School also receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted and approved by various granting agencies. For federal awards which require incurring eligible expenditures, revenue is recognized to the extent eligible expenditures have been incurred. In fiscal year 2014, the School received a federal award through Individuals with Disability Education Act (IDEA).

**Impairment of Long Lived Assets**

Long lived assets held and used by the School are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The School evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset to future net undiscounted cash flows to be generated by the asset. If an asset in considered to be impaired, the impairment to be recognized is equal to the amount by which the carrying amount of the asset exceeds the asset's fair value calculated using a discounted future cash flows analysis or market comparables. Assets held for sale, if any, are reported at the lower of the carrying amount or fair value less cost to sell.

**Credit Risk**

Financial instruments which potentially subject the School to concentration of credit risk consist principally of cash and accounts receivable. The School maintains its cash in bank deposit accounts which, at times, may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits up to \$250,000. The School has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

**Note 3 TAX STATUS**

The Organization, and therefore the School, is a non-profit organization exempt from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code and has been classified as a public charity. The School's activities have been in furtherance of the Organization's tax-exempt purpose and there is no unrelated business income subject to taxation. The School's income tax returns for the tax years 2011-2013 are subject to examination by tax authorities, and may change upon examination.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Note 4 PROPERTY AND EQUIPMENT**

For the years ended June 30, 2014 and 2013, the School's property and equipment consisted of the following:

	2014	2013
Furniture and equipment	\$ 114,487	\$ 150,520
Less: Accumulated depreciation	98,360	141,317
	\$ 16,127	\$ 9,203

Depreciation expense for the years ended June 30, 2014 and 2013 was \$4,833 and \$9,589, respectively. During the year the School disposed of approximately \$47,800 of fully depreciated equipment.

Upon non-renewal or termination of the School's contract with the School Board, any property, improvements, furnishings and equipment purchased with public funds shall automatically revert to the School Board. As of June 30, 2014, the cost and the net book value of property and equipment purchased with public funds was \$104,483 and \$16,127 respectively.

**Note 5 EMPLOYEE BENEFIT PLAN**

The School has a 403(b) retirement plan. Under 403(b), the employees may contribute up to 100 percent of their annual compensation, subject to certain statutory limitations. The School matches employee contributions at 50 percent up to 6 percent of the employees' contribution. The School's contributions to the 403(b) vest ratably over two to six years of service as specified in the plan. For the years ended June 30, 2014 and 2013, the School's cost under the retirement plan was approximately \$9,000 and \$5,300 respectively.

The plan is held in a trust for the exclusive benefit of the participants and their beneficiaries; consequently, the School has no fiduciary responsibility and the net assets of the plan are not included in the School's special purpose financial statements.

**Note 6 RELATED PARTY TRANSACTIONS**

Because of the existence of common members on the board of directors and other factors, United Cerebral Palsy of South Florida Charter Schools, Inc. and United Cerebral Palsy Association of Miami, Inc. (UCPM) are considered to be related parties for financial statement reporting purposes. UCPM is tax-exempt not-for-profit corporation who provides services to the developmentally disabled and the handicapped. UCPM provides to the School managerial, administrative, accounting and other related services, general liability and property insurance coverage, educational leadership services, funds for start up costs and working capital, and leases classroom space and facilities to the School.

For the years ended June 30, 2014 and 2013, the agreement between UCPM and the School for administrative and educational leadership services was based on a monthly fee of \$11,310. The fee could be adjusted based on the School's financial ability. The fees paid to UCPM for administrative and educational leadership services for the years ended June 30, 2014 and 2013 was \$135,723 and \$206,467, respectively.

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Note 6 RELATED PARTY TRANSACTIONS (Continued).**

In addition, the agreement provides for the following services:

Purchased support services and classroom personnel: Reimbursement for services provided by UCPM staff are based on an allocation of total time spent on service to the School for identified positions based on their salary and benefits.

Therapy services: For therapy services provided to non-Medicaid eligible students, UCPM bills the School based on the Medicaid rate.

Transportation: UCPM provides transportation services, including coordination and supervision of all transportation services to the School. The charges for these services are based on an allocation methodology as approved in the annual budget.

During fiscal year 2014, the School decided not to receive any classroom services and transportation services from UCPM. The School hired additional classroom personnel and contracted directly for transportation services. The fees for these services from UCPM for the years ended June 30, 2014 and 2013 was \$122,805 and \$673,574, respectively.

UCPM's central office is located at 2700 West 81<sup>st</sup> Street, Hialeah, Florida and its main program facility is located at 1411 N.W. 14<sup>th</sup> Street, Miami, Florida.

UCPM's Board of Directors is as follows:

Norman Bonchick	Chairperson
Richard Rangel	Vice-Chairperson /Secretary
Craig Steinhart	Treasurer
Jack Schillinger	Chairperson Emeritus

The School leases its classroom facilities from UCPM. The lease for each location is through the period ending June 30, 2017, with options to renew for two five-year periods.

For the years ended June 30, 2014 and 2013, the rent expense for the School by location was as follows:

	<u>2014</u>	<u>2013</u>
Civic Center	\$ 56,640	\$ 62,616
North Shore	<u>56,640</u>	<u>68,792</u>
	<u>\$ 113,280</u>	<u>\$ 131,408</u>

The minimum future lease payments for the School by location for the years ended June 30, are as follows:

<u>Years</u>	<u>Civic Center</u>	<u>North Shore</u>	<u>Total</u>
2015	60,888	60,888	121,776
2016	65,455	65,455	130,910
2017	<u>70,364</u>	<u>70,364</u>	<u>140,728</u>
	\$196,707	\$196,707	\$393,414

**EARLY BEGINNINGS ACADEMY - CIVIC CENTER**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2014 AND 2013.**

**Note 7 ECONOMIC DEPENDENCE**

For the year ended June 30, 2014, revenues for program services from the School Board represented 100% of the School's total program revenues. The School's ability to continue operating and to provide program services is predicated on the School Board's continued support and funding of its programs. If a significant reduction were to occur, it would have an adverse effect on the School's ability to continue operating the programs and services being provided.

**Note 8 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 26, 2014, which is the date the financial statements were available to be issued. No events were identified during this review of subsequent events that required adjustment to or disclosure within the financial statements.



MENENDEZ, CPA, P.A.  
Certified Public Accountants

INDEPENDENT AUDITOR'S 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 of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

We have audited, in accordance with the 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, the special purpose financial statements of Early Beginnings Academy-Civic Center (the School), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the special purpose financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

19620 Pines Blvd. Suite 224  
Pembroke Pines, FL 33029  
Telephone: (954) 442-7229  
Fax: (954) 431-5852  
E-Mail: mmcpa@bellsouth.net

To the Board of Directors of  
United Cerebral Palsy of South Florida Charter Schools, Inc.  
Miami, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Menendez CPA, P.A.*

Pembroke Pines, FL  
August 26, 2014