

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
(A COMPONENT UNIT OF THE BROWARD COUNTY PUBLIC SCHOOL BOARD)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2007

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AUDITOR GENERAL

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
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June 30, 2007

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy
Lauderdale Lakes, Florida

We have audited the accompanying financial statements of the governmental activities and the General Fund of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy (the School), a component unit of the Broward County Public School Board, as of and for the year ended June 30, 2007, which collectively comprises the School's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and 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 Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy as of June 30, 2007, and the change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The School receives significant support in the form of contributions from one source, which represents approximately 26% of total revenues (Note 7).

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2007, on our consideration of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's internal control over financial reporting and 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.

Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy

The Management's Discussion and Analysis and Budgetary Comparison schedule on pages 3 through 7 and 21, respectively, are not a required part of the financial statements but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 26, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

The management's discussion and analysis of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's (the School) financial performance provides an overview of the School's financial activities for the years ended June 30, 2007 and 2006. Please read it in conjunction with the School's financial statements, which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended June 30, 2007:

- The School's total assets exceeded its liabilities at June 30, 2007 by \$ 289,978.
- The School's total revenues were \$ 3,533,632, \$ 1,811,749 from FTE revenues, \$ 1,064,071 from grants and contributions, not restricted to specific programs, and \$ 657,812 from program revenues. The School's expenses for the year were \$ 3,255,895.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements:

The government-wide financial statements, which consists 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 (e.g. uncollected revenues and services rendered, but unpaid.)

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 8 and 9 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.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

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 School maintains only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance for the General Fund.

The School adopts an annual budget for its governmental fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The government fund financial statements can be found on pages 10 and 12 of this report.

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 financial statements can be found on pages 11 through 16 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's adopted budget to actual results. Required supplemental information can be found on page 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A portion of the School's net assets reflect its investment in capital assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. For the year ended June 30, 2007, the School had no restricted assets. The remaining unrestricted balance may be used to meet the School's ongoing obligations. The following table presents the change in net assets for the years ended June 30, 2007 and 2006:

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's
Net Assets

	<u>2007</u>	<u>2006</u>	<u>Variances</u>
ASSETS:			
Current and other assets	\$ 576,668	\$ 355,192	\$ 221,476
Capital assets, net of depreciation	<u>127,779</u>	<u>177,530</u>	<u>(49,751)</u>
Total assets	<u>704,447</u>	<u>532,722</u>	<u>171,725</u>
CURRENT LIABILITIES			
Total liabilities	<u>414,469</u>	<u>520,481</u>	<u>(106,012)</u>
NET ASSETS:			
Invested in capital assets, net of related debt	127,779	128,896	(1,117)
Unrestricted (deficit)	<u>162,199</u>	<u>(116,655)</u>	<u>278,854</u>
Total net assets	\$ <u>289,978</u>	\$ <u>12,241</u>	\$ <u>277,737</u>

Governmental activities:

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2007 and 2006:

Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's
Change in Net Assets

	<u>2007</u>	<u>2006</u>	<u>Variances</u>
REVENUES:			
General revenues	\$ 2,875,820	\$ 2,603,564	\$ 272,256
Program revenues:			
Capital grants	325,090	143,694	181,396
Charges for services	112,583	9,412	103,171
Operating grants and contributions	<u>220,139</u>	<u>3,600</u>	<u>216,539</u>
Total revenues	<u>3,533,632</u>	<u>2,760,270</u>	<u>773,362</u>
FUNCTIONS/PROGRAM EXPENSES:			
Instruction	1,628,150	1,215,792	412,358
General administration	571,403	564,267	7,136
Operation of facility	420,088	350,460	69,628
School administration	199,144	271,451	(72,307)
Pupil transportation services	102,911	119,293	(16,382)

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's
Change in Net Assets (continued)

	<u>2007</u>	<u>2006</u>	<u>Variances</u>
Food service costs	95,020	81,189	13,831
Central services	93,263	74,708	18,555
Facility maintenance	86,840	39,290	47,550
Support services	41,450	18,530	22,920
Fiscal services	16,142	12,300	3,842
Interest expense	<u>1,484</u>	<u>9,916</u>	<u>(8,432)</u>
 Total expenses	 <u>3,255,895</u>	 <u>2,757,196</u>	 <u>498,699</u>
 Change in net assets	 277,737	 3,074	 274,663
 Net assets, beginning of year	 <u>12,241</u>	 <u>9,167</u>	 <u>3,074</u>
 Net assets, end of year	 \$ <u>289,978</u>	 \$ <u>12,241</u>	 \$ <u>277,737</u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUND

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.

As of June 30, 2007, the School's governmental funds reported ending fund balance of \$ 162,199.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following is an analysis of the School's adopted budget to actual variances and comments on certain differences.

- Actual revenues were higher than budgeted due to additional grants and contributions received.
- Instructional support services actual amounts were higher than the budget due to expenses relating to additional grant.
- Other line items differ slightly between budget and actual due to budget classifications that are different from the coding and actual expenditures.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

CAPITAL ASSETS ADMINISTRATION

Capital assets

The School's investment in capital assets for the year ended June 30, 2007 amounts to \$ 127,779, net of accumulated depreciation of \$ 253,802. This investment in capital assets is composed of School furniture and equipment, computer equipment, and leasehold improvements. A more detailed analysis is provided on page 18.

ECONOMIC FACTORS

The School's goal is to expand to 400 students in 22 classrooms within three years. It is believed that the existing facility can accommodate students in grades 6-8 without future major capital investments. Contributions will be received as required, from a major private contributor, to help support any additional program expenditures, which may be needed.

REQUESTS FOR INFORMATION

Questions about this report or requests for additional information should be directed to Ms. Olivia Hilton, Controller; Lauderdale Lakes Academy, Inc.; 3020 N.W. 33rd Avenue; Lauderdale Lakes, Florida 33311.

BASIC FINANCIAL STATEMENTS

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
STATEMENT OF NET ASSETS
June 30, 2007

A S S E T S

CURRENT ASSETS:

Cash	\$	254,060
Accounts receivable		70,836
Due from Smart School, Inc.		242,970
Prepaid expenses		7,094
Deposits		<u>1,708</u>

Total current assets		<u>576,668</u>
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NONCURRENT ASSETS:

Capital assets depreciable, net		<u>127,779</u>
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Total assets		<u>704,447</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

CURRENT LIABILITIES:

Accounts payable		117,855
Accrued liabilities		151,538
Due to management company		<u>145,076</u>

Total current liabilities		<u>414,469</u>
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CONTINGENCIES AND COMMITMENTS (Note 7)

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NET ASSETS:

Invested in capital assets		127,779
Unrestricted		<u>162,199</u>

Total net assets	\$	<u><u>289,978</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	Program Revenues				Governmental Activities Net (Expense) Revenue and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Instruction	\$ 1,628,150	\$ 2,583	\$ 220,139	\$ --	\$ (1,405,428)
General administration	571,403	--	--	--	(571,403)
Operation of facility	420,088	110,000	--	283,366	(26,722)
School administration	199,144	--	--	--	(199,144)
Pupil transportation services	102,911	--	--	41,724	(61,187)
Food service costs	95,020	--	--	--	(95,020)
Central services	93,263	--	--	--	(93,263)
Facility maintenance	86,840	--	--	--	(86,840)
Support services	41,450	--	--	--	(41,450)
Fiscal services	16,142	--	--	--	(16,142)
Interest expense	1,484	--	--	--	(1,484)
Total governmental activities	\$ <u>3,255,895</u>	\$ <u>112,583</u>	\$ <u>220,139</u>	\$ <u>325,090</u>	<u>(2,598,083)</u>
General revenues:					
FTE nonspecific revenues					1,811,749
Grants and contributions, not restricted to specific programs					<u>1,064,071</u>
Total general revenues					<u>2,875,820</u>
Change in net assets					277,737
Net assets, July 1, 2006					<u>12,241</u>
Net assets, June 30, 2007					\$ <u>289,978</u>

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

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2007

	<u>General Fund</u>
A S S E T S	
ASSETS:	
Cash	\$ 254,060
Accounts receivable	70,836
Due from Smart School, Inc.	242,970
Prepaid expenditures	7,094
Deposits	<u>1,708</u>
Total assets	\$ <u><u>576,668</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	\$ 117,855
Accrued liabilities	151,538
Due to management company	<u>145,076</u>
Total liabilities	<u>414,469</u>
CONTINGENCIES AND COMMITMENTS (Note 7)	--
FUND BALANCE:	
Reserved for prepaid expenditures	7,094
Unreserved	<u>155,105</u>
Total fund balance	<u>162,199</u>
Total liabilities and fund balance	\$ <u><u>576,668</u></u>

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

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
June 30, 2007

TOTAL FUND BALANCE - GOVERNMENTAL FUND, PAGE 10 \$ 162,199

Amounts reported for governmental activities in the statement of net assets are different because:

The cost of capital assets acquired is reported as an expenditure in the governmental fund. The statement of net assets includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Governmental capital assets	\$	381,581	
Less accumulated depreciation		<u>(253,802)</u>	<u>127,779</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8 \$ 289,978

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

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2007

	<u>General Fund</u>
REVENUES:	
State sources	\$ 2,136,839
Local sources	1,085,534
Federal sources	<u>311,259</u>
Total revenues	<u>3,533,632</u>
EXPENDITURES:	
Current:	
Instruction	1,628,150
General administration	572,887
Operation of facility	347,994
School administration	199,144
Pupil transportation services	102,911
Food service costs	95,020
Central services	93,263
Facility maintenance	86,840
Support services	41,450
Fiscal services	16,142
Capital outlay	22,343
Debt service	<u>48,634</u>
Total expenditures	<u>3,254,778</u>
Change in fund balance	278,854
FUND BALANCE (DEFICIT), July 1, 2006	<u>(116,655)</u>
FUND BALANCE, June 30, 2007	\$ <u><u>162,199</u></u>

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

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE
OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND, PAGE 12		\$ 278,854
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as provision for depreciation.</p>		
The cost of property and equipment purchased	\$ 22,343	
Less provision for depreciation	<u>(72,094)</u>	(49,751)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Repayments of capital lease		<u>48,634</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9		\$ <u><u>277,737</u></u>

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

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - ORGANIZATION AND OPERATIONS

Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy (the School), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The School commenced operations in August 2003 in the City of Lauderdale Lakes and offers classes for grade six through eight. Enrollment of the School was approximately 320 students at June 30, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Broward County Public School Board. The current charter is effective until June 30, 2013, and may be renewed in increments of five years by mutual written agreement between the School and the Board. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter in which case the Board 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 Board may also terminate the charter if good cause is shown. Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy is considered a component unit of the Broward County Public School Board.

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 Broward County Public School Board 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 basic 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. 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.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of June 30, 2007, all of the School's net assets were classified as:

Invested in capital assets, net of related debt	\$ 127,779
Unrestricted	<u>162,199</u>
	\$ <u>289,978</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 income, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues such as operating and capital grants and charges for services. 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 General Fund are 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.

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 government-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 means one year.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Net assets:

Net assets are classified in three categories. The meaning of each is as follows:

Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Unrestricted - indicates that portion of net assets that may be used to fund future operations.

Fund balance:

Fund balance is classified in two categories. The meaning of each is as follows:

Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or legally segregated for a specific future use. These amounts do not represent available spendable resources.

Unreserved - indicates the portion of fund balance that may be used to fund future operations.

Designations of fund balance represent tentative management plans that are subject to change.

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 500 and a useful life of over one year. Donated property and equipment 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/expended as incurred.

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

Computer equipment	5 years
Furniture and equipment	5 years
Leasehold improvements	10-20 years

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for doubtful accounts:

Management of the School reviews the accounts receivable balances and provides an allowance for accounts which may be uncollectible. At June 30, 2007, management considers the accounts receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts is considered necessary.

Revenue recognition:

Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a pro-rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

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

Compensated absences:

The School's policy is not to allow employees to carry over vacation. Unused sick leave benefits are paid based on fifty cents for every one dollar earned upon separation from service. No liability for compensated absences was recorded for the year ended June 30, 2007.

Use of estimates:

The preparation of financial statements in accordance 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund, by function, for the year ended June 30, 2007. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information on page 21.

NOTE 4 - DEPOSITS

The School's deposits must be placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. These deposits are insured by the FDIC up to \$ 200,000, \$ 100,000 for demand deposits, and \$ 100,000 for savings deposits. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the state treasurer in the collateral pool. At the year end, the carrying amount of the School's deposits was \$ 254,060 and the bank balance was \$ 275,464. As of June 30, 2007, \$ 52,589 of the School's deposits were uninsured.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 - CAPITAL ASSETS

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

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Capital assets:				
Computer equipment	\$ 256,019	\$ 6,975	\$ --	\$ 262,994
Furniture and equipment	92,381	3,095	--	95,476
Leasehold improvements	<u>10,838</u>	<u>12,273</u>	<u>--</u>	<u>23,111</u>
	<u>359,238</u>	<u>22,343</u>	<u>--</u>	<u>381,581</u>
Accumulated depreciation:				
Computer equipment	(135,236)	(51,957)	--	(187,193)
Furniture and equipment	(44,865)	(18,786)	--	(63,651)
Leasehold improvements	<u>(1,607)</u>	<u>(1,351)</u>	<u>--</u>	<u>(2,958)</u>
	<u>(181,708)</u>	<u>(72,094)</u>	<u>--</u>	<u>(253,802)</u>
Net capital assets	\$ <u>177,530</u>	\$ <u>(49,751)</u>	\$ <u>--</u>	\$ <u>127,779</u>

Provision for depreciation for the year ended June 30, 2007, amounted to \$ 72,094. The School allocated all depreciation to the operation of the facility.

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 nonrenewal or termination of the contract.

NOTE 6 - DONATED FACILITIES AND SERVICES

The School pays for most services requiring specific expertise. The value of donated services that require such expertise is reflected in the financial statements as a revenue and as expenses/expenditures. The School is currently located in a facility that is owned by an organization that contributed funds for initial start up expenditures and other continuing costs of the School. The School was previously allowed to occupy the facility free of rent. For the year ended June 30, 2007, the School recorded \$ 280,000 in in-kind contributions related to this facility use (Note 7).

NOTE 7 - CONTINGENCIES AND COMMITMENTS

Grant agreements:

The School received financial assistance from Federal 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, the School is not required to conduct a "single audit" since the required threshold of Federal money is currently \$ 500,000 and the School did not exceed such threshold.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 7 - CONTINGENCIES AND COMMITMENTS (continued)

Management commitment:

The School has a management contract with Tech-Ed Ventures, Inc., which called for a monthly payments of \$ 19,667. This management contract has not been renewed and continues on a month-to-month basis subsequent to June 30, 2007. For the year ended June 30, 2007, these fees amounted to \$ 236,000. Unpaid management fees at June 30, 2007 are \$ 145,076.

Lease Commitments:

The School leases certain office equipment items requiring aggregate monthly rental payments of approximately \$ 830 through July 2008 and lesser amounts thereafter until October 2012. Total expense/expenditure related to these obligations for the year ended June 30, 2007 was \$ 7,575.

Future minimum lease payments are approximately as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2008	\$ 9,920
2009	\$ 6,570
2010	\$ 6,270
2011	\$ 6,270
2012	\$ 5,400
Thereafter	\$ 1,350

The School's facility lease calls for monthly payments of \$ 23,333 through December 2012. This rental was previously donated (Note 6). Future minimum lease payments are approximately as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2008	\$ 280,000
2009	\$ 280,000
2010	\$ 280,000
2011	\$ 280,000
2012	\$ 280,000
Thereafter	\$ 140,000

On-going dependency:

During the year the School received significant support in the form of cash and in-kind contributions of \$ 673,053 and \$ 280,000 (Note 6), respectively from a major contributor (the "Contributor"). These amounts represent approximately 26% of the School's total revenues. Based on the amount of these contributions, the School's future operations could be dependent on the continuing support from the Contributor. The School believes that financial support will continue into the years and is projecting less financial dependency on the Contributor based on increased income from future operations.

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8 - DUE FROM SMART SCHOOL, INC.

The School was assisted financially by Smart School, Inc. during the school year and, in this regard, entered into various transactions and agreements. Smart School, Inc. entered into a rental agreement with the School to utilize its facility (Notes 6 and 7) to start a high school. The lease calls for monthly payments of approximately \$ 9,100 and automatically renews annually until June 2012. The School also charged Smart School, Inc. for various operating expenses relating to its high school.

The following is a summary of all such transactions:

Amount due to Smart School, Inc. as of June 30, 2006	\$	231,764
Payments made to Smart School, Inc.		1,603,000
Expenses paid by the School on behalf of Smart School, Inc.		217,055
Rent incurred by Smart School, Inc. for use of facility		110,000
Expenses paid by Smart School, Inc. on behalf of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy:		
Operating expenses		(205,793)
Payroll and related benefits		<u>(1,713,056)</u>
Amount due from Smart School, Inc. as of June 30, 2007	\$	<u>242,970</u>

NOTE 9 - 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 10 - RISK FINANCING

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the current year.

**REQUIRED SUPPLEMENTAL
INFORMATION**

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
FTE revenue	\$ 1,674,368	\$ 1,853,473	\$ 179,105
Grants and contributions	467,530	1,260,200	792,670
Miscellaneous	390,000	136,593	(253,407)
Capital grants	<u>240,000</u>	<u>283,366</u>	<u>43,366</u>
Total revenues	<u>2,771,898</u>	<u>3,533,632</u>	<u>761,734</u>
EXPENDITURES:			
Current:			
Salaries	1,628,544	1,705,175	(76,631)
Management fee	330,965	329,642	1,323
Rent	280,000	280,000	--
Transportation	83,170	102,911	(19,741)
Instructional support	104,200	333,650	(229,450)
Lunches	12,500	95,020	(82,520)
Utilities	92,200	84,807	7,393
Insurance	60,063	55,474	4,589
Repairs and maintenance	57,806	100,039	(42,233)
Office supplies	14,500	31,341	(16,841)
Telephone	15,000	16,215	(1,215)
Professional services	12,000	21,762	(9,762)
Printing	6,500	5,543	957
Small equipment	10,000	11,540	(1,540)
Miscellaneous	--	6,020	(6,020)
Advertising	8,000	3,178	4,822
Administrative costs	22,500	--	22,500
Training	4,950	--	4,950
Capital outlay	--	22,343	(22,343)
Debt service:			
Principal payment	29,000	48,634	(19,634)
Interest	<u>--</u>	<u>1,484</u>	<u>(1,484)</u>
Total expenditures	<u>2,771,898</u>	<u>3,254,778</u>	<u>(482,880)</u>
Change in fund balance	--	278,854	278,854
FUND BALANCE (DEFICIT), July 1, 2006	<u>--</u>	<u>(116,655)</u>	<u>(116,655)</u>
FUND BALANCE, June 30, 2007	<u><u>\$ --</u></u>	<u><u>\$ 162,199</u></u>	<u><u>\$ 162,199</u></u>

Note 1 - OVEREXPENDITURE OF BUDGET:

Total expenditures exceeded budget by \$ 482,880. The School had excess revenues generated to cover the expenditures exceeded.

OTHER AUDITORS' REPORTS



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CERTIFIED PUBLIC ACCOUNTANTS

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**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
Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy
Lauderdale Lakes, Florida

We have audited the basic financial statements of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy, a component unit of the School Board of Broward County, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 26, 2007. 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 Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of the Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's ability to initiate, authorize, record, process or report financial data reliability n accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's financial statements that is more than inconsequential will not be prevented or detected by Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's internal control.


A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more that a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify an deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 School's management, Board of Directors, the Auditor General of the State of Florida, and the School Board of Broward County, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which is a matter of public record.


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 26, 2007



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy
Lauderdale Lakes, Florida

This letter is written in connection with our audit of the financial statements of Lauderdale Lakes Academy, Inc. d/b/a Eagle Academy (a component unit of the Broward Public School Board) as of and for the year ended June 30, 2007. 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).

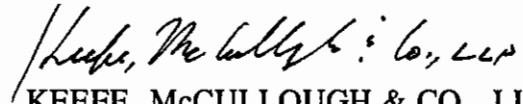
The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules or regulations reported for the preceding audit.
2. There were recommendations made relating to the preceding audit and their status is listed on the page 26.
3. There were no recommendations to improve the School's financial management.
4. There were no violations of laws, rules or regulations or contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the basic financial statements.
6. There were no other matters requiring correction which may or may not materially affect the basic financial statements reported on, including, but not limited to: improper or inadequate accounting procedures, failure to properly record financial transactions, or other inaccuracies, shortages, defalcations and instances of fraud or other reportable conditions.

Lauderdale Lakes Academy, Inc.

7. As required by the Rules of the Auditor General (Section 10.854(1)(d)2), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

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


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 26, 2007

LAUDERDALE LAKES ACADEMY, INC.
d/b/a EAGLE ACADEMY
SCHEDULE OF FINDINGS
June 30, 2007

PRIOR YEAR COMMENTS AND RECOMMENDATIONS

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
<u>Internal controls:</u>		
Reconcile accounts payable detail to the general ledger.		X

CURRENT YEAR COMMENT AND RECOMMENDATION

NONE