

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Total for 2007)

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L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

P.O. Box 1064
Telephone (954) 812-5515



Deerfield Beach, Florida 33443-1064
Member American and Florida Institutes of Certified Public Accountants Fax (954) 933-7055

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Eagles' Nest Middle Charter School, Inc.
Broward County, Florida

We have audited the component unit basic financial statements of governmental activities and each major fund of Eagles' Nest Middle Charter School, Inc. (the "School"), a non-major component unit of the School Board of Broward County, Florida, as of and for the years ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the foregoing table of contents. These basic financial statements are the responsibility of the management of Eagles' Nest Middle Charter School, Inc. 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, the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Chapter 10.850, Charter Schools Audits, issued by the Auditor General of the State of Florida. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component basic 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.

The component basic financial statements, referred to in the first paragraph, were prepared for the purpose of complying with Part 1V of the Charter School contract between the School Board of Broward County, Florida, and Eagles' Nest Middle Charter School, Inc. These component basic financial statements were prepared to present the financial position and changes in net assets of Eagles' Nest Middle Charter School, Inc. and is not intended to be a complete presentation of the financial position and changes in net assets of the School Board of Broward County, Florida.

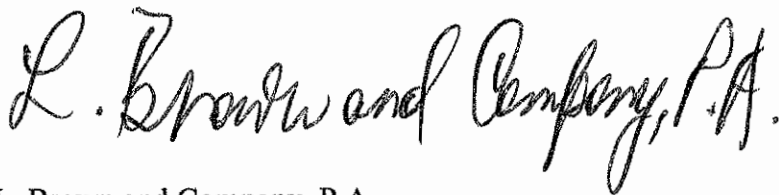
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eagles' Nest Middle Charter School, Inc. as of June 30, 2008, and the results of its operations for the year then ended in conformity with United States of America generally accepted accounting principles.

Board of Directors
September 28, 2008

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2008, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages five through ten and the schedules of revenues, expenditures and changes in fund balance – budget to actual are not a required part of the basic financial statements but are supplementary information required by *Government Auditing Standards*. 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 an opinion on the component basic financial statements taken as a whole. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the component basic financial statements. Such information 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.

A handwritten signature in cursive script that reads "L. Brown and Company, P.A.".

L. Brown and Company, P.A.
September 28, 2008

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)**

The corporate officers of Eagles' Nest Middle Charter School, Inc. (the "School") have prepared this narrative overview and analysis of the financial activities for the years ended June 30, 2008 and 2007.

FINANCIAL HIGHLIGHTS

Some highlights for the years ended June 30, 2008 and 2007 were as follows:

2008 –

- * The School received approximately \$398,807 in FTE funds from the School Board of Broward County for fiscal year ended June 30, 2008.
- * The School received approximately \$56,724 in other operating grants for the fiscal year ended June 30, 2008.
- * Total assets of the School decreased by approximately \$78,377 from fiscal year 2006/2007 to 2007/2008.
- *At June 30, 2008, assets of the School exceeded it liabilities by approximately \$37,505.

2007 -

- * The School received approximately \$489,088 in FTE funds from the School Board of Broward County for fiscal year ended June 30, 2007.
- * The School received approximately \$303,961 in other operating grants for the fiscal year ended June 30, 2007.
- * Total assets of the School increased by approximately \$80,188 from fiscal year 2005/2006 to 2006/2007.
- *At June 30, 2007, assets of the School exceeded it liabilities by approximately \$146,743.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the years ended June 30, 2008 and 2007 are presented under GASB #34 as required. The financial statements have three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

Government-wide Financial Statements

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

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The differences between the two is reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 24 of this report.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by approximately \$37,505 and \$147,436 at the close of fiscal years 2008 and 2007, respectively. A summary of the School's net assets for the fiscal years 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Cash	\$ 1,708	\$ 4,886
Grants receivable	9,387	57,364
Furniture, fixtures and equipment, net	<u>89,640</u>	<u>116,862</u>
Total Assets	<u>\$100,735</u>	<u>\$179,112</u>
Accounts payable & accrued liabilities	<u>\$63,230</u>	<u>\$32,369</u>
Total Liabilities	<u>63,230</u>	<u>32,369</u>
Invested in capital assets, net of related debt	89,640	116,862
Deficit	<u>(52,135)</u>	<u>29,881</u>
Total Net Assets	<u>\$ 37,505</u>	<u>\$ 146,743</u>

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
REVENUES:		
FEFP	\$ 398,807	\$ 489,088
Implementary and other grants	56,724	303,961
Title 1	22,060	15,156
Charges for services	0	398
Interest	182	2,481
Fundraising income	<u>1,173</u>	<u>2,302</u>
TOTAL REVENUES	<u>\$ 480,864</u>	<u>\$ 814,711</u>

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)**

	<u>2008</u>	<u>2007</u>
EXPENDITURES:		
Instructional services	\$ 211,808	\$263,129
Instructional exceptional	25,983	22,049
Pupil personnel services	12,818	12,103
Instructional media services	15,197	1,089
Instructional and curriculum development	40,083	51,649
Instructional staff training	2,437	5,000
Board	7,965	30,435
School administration	131,271	134,681
Facilities acquisition & construction	29,498	32,720
Fiscal services	23,506	27,320
Food services	9,714	5,162
Pupil transportation services	33,088	26,038
Operation of plant	45,200	71,720
Maintenance of plant	1,534	10,452
Community services	<u>0</u>	<u>10,682</u>
TOTAL EXPENDITURES	<u>\$ 590,102</u>	<u>\$ 704,209</u>
NET CHANGE IN FUND BALANCE	109,238	110,502
NET ASSETS AT BEGINNING	<u>146,743</u>	<u>36,241</u>
NET ASSETS AT END	<u>\$ 37,505</u>	<u>\$ 146,743</u>

Lease of Facility

The School leased facilities from a third party, and shared these facilities with Eagles' Nest Elementary Charter School, Inc., during fiscal year 2008. The facilities consist of 12,800 square feet in multiple buildings. The buildings have capacity for up to 10 classrooms to house the School's students. The facilities are fully accessible to individuals with disabilities in compliance with the Americans with Disabilities Act, Section 504 of the Rehabilitative Act of 1973, and other applicable state/federal laws.

School Location

The School has facilities located at 1840 NE 41st Street, Pompano Beach, Florida 33069.

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)**

Capital Improvement Requirements

The activities undertaken by the School during 2006-2007 allow it to operate in the immediate future without the need for additional substantial capital improvements for it to service its existing client base.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

Capital Assets

The School's investments in capital assets as of June 30, 2008 and 2007 amounted to approximately \$89,640 and \$116,862 (net of accumulated depreciation), respectively. This investment in capital assets includes furniture, fixtures and computer equipment.

GENERAL FUND BUDGET ANALYSIS AND HIGHLIGHTS

Prior to the start of the School's fiscal year, the Board of directors of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. Budget to actual comparisons for fiscal year 2007 are presented on Page 25.

Variances reported in the budget to actual comparison for fiscal year 2008 resulted primarily from the following:

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)**

2008-

- (1) Fiscal year 2008 budget for implementation grants was prepared using a higher than realized amount. The private component of grants received was lower than anticipated.
- (2) Actual salaries were lower than budgeted due to unfilled vacancies in several positions.
- (3) Several employees opted out of the health insurance plan resulting in lower benefits expenses than budgeted.
- (4) Actual purchased services expenses were higher than budgeted because curriculum development and pupil personnel services were higher due to higher enrollment.
- (5) The school did not fill positions in administration resulting in lower school administration costs.
- (6) Information services were lower than budgeted because computers purchased were capitalized, not expensed.

2007-

- (1) Fiscal year 2007 budget for implementation grants was prepared using a higher than realized amount. The private component of grants received was lower than anticipated.
- (2) Actual salaries were lower than budgeted due to unfilled vacancies in several positions.
- (3) Several employees opted out of the health insurance plan resulting in lower benefits expenses than budgeted.
- (2) Actual purchased services expenses were higher than budgeted because curriculum development and pupil personnel services were higher due to higher enrollment.
- (3) The school did not fill positions in administration resulting in lower school administration costs.
- (4) Information services were lower than budgeted because computers purchased were capitalized, not expensed.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Dr. John Foster-Grant, Principal, at 1840 NE 41st Street, Pompano Beach, Fl. 33069.

EAGLES' NEST MIDDLE CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF NET ASSETS
June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u> <u>Total</u>	<u>2007</u> <u>Total</u>
ASSETS		
Cash at bank	\$ 1,708	\$ 4,886
Grant receivable	9,387	57,364
Furniture and equipment, net	89,640	116,862
TOTAL ASSETS	<u>\$ 100,735</u>	<u>\$ 179,112</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable & accrued liabilities:	\$ 63,230	\$ 32,369
TOTAL LIABILITIES	<u>63,230</u>	<u>32,369</u>
NET ASSETS		
Invested in capital assets, net of related debt	89,640	116,862
Unrestricted net assets	(52,135)	29,881
TOTAL NET ASSETS	<u>37,505</u>	<u>146,743</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 100,735</u>	<u>\$ 179,112</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EAGLES' NEST MIDDLE CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

FUNCTIONS COMPONENT UNIT ACTIVITIES	EXPENSES	PROGRAM REVENUE		2008	2007
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
Instructional services	\$211,808	\$0	\$30,741	(\$181,067)	\$0
Instructional exceptional	25,983	-	25,983	0	0
Pupil personnel services	12,818	-	-	(12,818)	(12,103)
Instructional media services	7,050	-	-	(7,050)	(1,089)
Instructional and curriculum development	40,083	-	-	(40,083)	(44,366)
Instructional staff training	10,584	-	-	(10,584)	0
Board	7,965	-	-	(7,965)	(23,935)
School Administration	131,271	-	-	(131,271)	(134,681)
Facilities Acquisition & Construction	30,000	-	-	(30,000)	(32,720)
Fiscal Services	23,506	-	-	(23,506)	(27,320)
Food Services	9,714	-	-	(9,714)	(5,162)
Pupil Transportation Services	33,088	-	-	(33,088)	(26,038)
Operation of Plant	44,698	-	-	(44,698)	(71,700)
Maintenance of Plant	1,534	-	-	(1,534)	(10,452)
Community services	0	-	-	0	(10,682)
Total Component Unit Activities	\$590,102	\$0	\$56,724	(533,378)	(400,248)
GENERAL REVENUES:					
				398,807	489,088
				1,918	1,325
				22,060	15,156
				0	398
				182	2,481
				1,173	2,302
				<u>424,140</u>	<u>510,750</u>
				(109,238)	110,502
				<u>146,743</u>	<u>36,241</u>
				<u>\$37,505</u>	<u>\$146,743</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EAGLES' NEST MIDDLE CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
BALANCE SHEET
Governmental Fund
June 30, 2008
(With Comparative Totals for 2007)

	<u>2008</u> <u>Total</u>	<u>2007</u> <u>Total</u>
ASSETS		
Cash at bank	\$ 1,708	\$ 4,886
Grant receivable	9,387	57,364
TOTAL ASSETS	<u>\$ 11,095</u>	<u>\$ 62,250</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable & accrued liabilities	\$ 63,230	\$ 32,369
TOTAL LIABILITIES	<u>63,230</u>	<u>32,369</u>
FUND BALANCE		
General Fund	(52,135)	29,881
TOTAL FUND BALANCE	<u>(52,135)</u>	<u>29,881</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,095</u>	<u>\$ 62,250</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**EAGLES' NEST MIDDLE CHARTER SCHOOL
NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)**

	2008	2007
Total Fund Balance - Governmental Fund	(\$52,135)	\$29,881
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets, in fiscal years 2008 and 2007, of \$202,664 net of accumulated depreciation of \$113,024 and \$184,692, net of accumulated depreciation of \$67,830, respectively, used in governmental activities are not financial resources and are therefore not reported in the fund.	89,640	116,862
Total Net Assets - Government Activities	\$37,505	\$146,743

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EAGLES' NEST MIDDLE CHARTER SCHOOL
A NON-MAJOR UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

	GENERAL	2008 TOTAL	2007 TOTAL
REVENUES:			
FEFP Fees	\$398,807	\$398,807	\$489,088
Florida Teachers' Lead Program	\$1,918	1,918	\$1,325
Other grants	56,724	56,724	303,961
Title 1	22,060	22,060	15,156
Charge for services	0	0	398
Interest	182	182	2,481
Fundraising income	1,173	1,173	2,302
Total Revenues	480,864	480,864	814,711
EXPENDITURES:			
Instructional services	\$184,586	184,586	295,952
Instructional exceptional	25,983	25,983	22,049
Pupil personnel services	12,818	12,818	12,103
Instructional media services	7,050	7,050	1,089
Instructional and curriculum development	40,083	40,083	51,649
Instructional staff training	10,584	10,584	5,000
Board	7,965	7,965	30,435
School Administration	131,271	131,271	134,681
Facilities Acquisition & Construction	29,498	29,498	32,720
Fiscal Services	23,506	23,506	27,320
Food Services	9,714	9,714	5,162
Pupil Transportation Services	33,088	33,088	26,038
Operation of Plant	45,200	45,200	71,700
Maintenance of Plant	1,534	1,534	10,452
Community services	0	0	10,682
Total Expenditures	562,880	562,880	737,032
Net Change in fund balance	(82,016)	(82,016)	77,679
Fund Balance at Beginning of Year	29,881	29,881	(47,798)
Fund Balance at End of Year	(\$52,135)	(\$52,135)	\$29,881

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EAGLES' NEST MIDDLE CHARTER SCHOOL
NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

	2008	2007
Change in Fund Balance - Governmental Fund	(\$82,016)	\$77,679
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital assets, net of depreciation	(27,222)	32,823
Change in Net Assets of Governmental Activities	(\$109,238)	\$110,502

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Eagles' Nest Middle Charter School, Inc. (the "School"), incorporated in the State of Florida, pursuant to Section 228.056(7) of the Florida Statutes, on October 20, 2000. The School was established as a charter school for children from sixth to eighth grades in Broward County. The School operates under a charter of the School Board of Broward County, Florida, and is considered a non-major component unit of such board. The School is funded by Broward County School Department and, in addition, receives government grants. The governing board of the Charter School is a five member Board of Directors.

The general operating authority of the School is contained in Section 228.056(7), Florida Statutes. The contract with the School Board was entered into on July 1, 2005, and is effective until June 30, 2015. At the end of the term of the contract, the School Board may choose to renew the contract in increments of five years. During the term of the contract, the School board may also terminate the contract, any property and improvements, furnishings, and equipment purchased with public funds and any unencumbered public funds shall revert back to the School Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

In fiscal year 2005/2006, the School adopted GASB #34. Government-wide financial statements are prepared for the School and include the statement of net assets and statement of activities and changes in net assets. These statements report information for the School as a whole.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct function activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The School's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. The School's cash consists of demand deposits with financial institutions which are insured by Federal depository insurance.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Other Assets

Other assets consist mainly of security deposits for utilities.

Capital Assets, Depreciation and Amortization

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Office equipment and furniture	5 to 10 years
Building improvements	3 years

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

Revenues for operations will be received primarily from Broward County School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 228.056 (13), Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 236.081, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (DOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

Finally, the School may also receive Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended.

New Reporting Standard

In June 1999, the Governmental Accounting Standards Boards (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it requires new information and restructure much of the information that governments have presented in the past. The School implemented this standard in the fiscal year ended June 30, 2004.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles of the United States of America requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

Eagles' Nest Middle Charter School is operated as a DBA of Eagles' Nest Community Charter Schools, Inc. which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

NOTE 2 – CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, for the years ended June 30, 2008 and 2007, for Eagles' Nest Middle Charter School:

	Balance 07/01/2007	Additions	Retirements	Balance 06/30/2008
Capital Assets				
Office equipment and furniture	\$ 123,867	\$ -0-	-0-	\$123,867
Building improvements	50,727	-0-	-0-	50,727
Software	10,098	17,972	-0-	28,070
Less Accumulated Depreciation	<u>(67,830)</u>	<u>(43,836)</u>	<u>-0-</u>	<u>(113,024)</u>
Capital Assets, Net	<u>\$ 116,862</u>	<u>\$25,864</u>	<u>\$ -0-</u>	<u>\$ 89,640</u>
	Balance 07/01/2006	Additions	Retirements	Balance 06/30/2007
Office equipment and furniture	\$ 61,078	62,789	-0-	\$123,867
Building improvements	50,727	-0-	-0-	50,727
Software	-0-	10,098	-0-	10,098
Less Accumulated Depreciation	<u>(27,766)</u>	<u>(41,422)</u>	<u>-0-</u>	<u>(67,830)</u>
Capital Assets, Net	<u>\$ 84,039</u>	<u>\$ 32,823</u>	<u>\$ -0-</u>	<u>\$116,862</u>

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 3 – CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense for Eagles' Nest Middle Charter School, Florida City, for the years ended June 30, 2008 and 2007 was \$44,417 and \$40,064, respectively.

NOTE 4 – RELATED PARTIES TRANSACTIONS

School Board of Broward County (the "Sponsor")

Pursuant to the School's contract with the Sponsor, the Sponsor is paid a management fee of 5% of the qualifying revenues of the School. During the years ended June 30, 2008 and 2007, Eagles' Nest Middle Charter School paid approximately \$20,932 and \$25,347, respectively, to the Sponsor for management fees.

School Board of Broward County (the "Sponsor")

Pursuant to the School's contract with the Sponsor, the School receives from the Sponsor an FTE fee for each full time student enrolled. The fee is based upon various teaching requirements of each student enrolled. The number of FTE (full time equivalent students) enrolled for the fiscal years ended June 30, 2008 and 2007 for Eagles' Nest Middle Charter School was 51 and 81, respectively.

The School also receives other allowances based upon the students enrolled, including a transportation allowance for students living more than two miles and less than four miles from the school property.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)

NOTE 5 - OPERATING LEASE OBLIGATIONS

The School leases school facilities from a third party. The lease began on July 15, 2005 and it expires on June 30, 2008. The lease was renewed on a year to year basis. The School shares the facilities with the elementary school which is controlled by the same officers and pays half of the annual rental agreement. The lease is based on the enrollment of total of one hundred and fifty students. If the enrollment exceeds one hundred and fifty students, the annual base rent would be adjusted \$500 per student. The rental expense was \$29,498 and \$32,720 for the years ended June 30, 2008 and 2007, respectively.

Minimum payments under operating leases at June 30, 2008 and 2007 are as follows:

<u>Year ended</u>	<u>2008</u>	<u>2007</u>
2007		\$ 30,000
2008		\$ 30,000

NOTE 6 – COMMITMENTS

The costs and unexpended funds reflected in the accompanying financial statements relating to government funding are subject to audit by the respective grantors. The possible disallowance by the funding source of any item charged to the program or request for return of any unexpended funds cannot be determined at this time. No provision for any liability is necessary at year-end, June 30, 2008 and 2007 and none has been made in the special purpose financial statements.

NOTE 7 – CONCENTRATION OF CREDIT RISK

Eagles' Nest Middle Charter School, Inc. maintains cash accounts at a federally insured financial institution in Broward County. The balances, at times, may exceed federally insured limits. At June 30, 2008 and 2007, the School had no cash on deposit exceeding the insured limit.

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(With Comparative Totals for 2007)**

NOTE 8 - COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of service. The current policy of the School is the vacation days not used during the calendar year are forfeited, therefore, no accrual has been made.

EAGLES' NEST MIDDLE CHARTER SCHOOL
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES:	GOVERNMENTAL FUND		
	Budget	Actual	Variance Over (Under)
FEFP Fees	\$600,000	\$398,807	(\$201,193)
Florida Teachers' Lead Program	2,500	\$1,918	(582)
Other grants	0	56,724	56,724
Title 1	30,000	22,060	(7,940)
Interest	0	182	182
Fundraising income	5,000	1,173	(3,827)
Total Revenues	637,500	480,864	(156,636)
EXPENDITURES:			
Instructional services	225,000	184,586	(40,414)
Instructional exceptional	25,000	25,983	983
Pupil personnel services	10,000	12,818	2,818
Instructional media services	5,000	7,050	2,050
Instructional and curriculum development	56,000	40,083	(15,917)
Instructional staff training	12,000	10,584	(1,416)
Board	9,500	7,965	(1,535)
School Administration	141,000	131,271	(9,729)
Facilities Acquisition & Construction	30,000	29,498	(502)
Fiscal Services	18,000	23,506	5,506
Food Services	11,750	9,714	(2,036)
Information services	0	0	0
Pupil Transportation Services	35,000	33,088	(1,912)
Operation of Plant	53,250	45,200	(8,050)
Maintenance of Plant	5,000	1,534	(3,466)
Community services	1,000	0	(1,000)
Total Expenditures	637,500	562,880	(74,620)
Excess (Deficiencies) of Expenditures and Financing Sources Over Revenues	0	(82,016)	(82,016)
Other financing sources:			
Loan proceeds	0	0	0
Net Change in fund balance	0	(82,016)	(82,016)
Fund Balance at Beginning of Year		29,881	
Fund Deficit at End of Year		(\$52,135)	

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
BOARD OF BROWARD COUNTY
FOR THE YEAR ENDED JUNE 30, 2007**

GENERAL INFORMATION

BOARD OF DIRECTORS

2007 – 2008

**Ms. Carol Gardner, Treasurer
Ms. Lorraine Liverpool, Vice-Chair
Ms. Michelle Saunders, Secretary
Mr. Asbourne K. Clark, Chairman
Dr. John Foster-Grant, Non-voting Member**

2006 – 2007

**Mr. Asbourne K. Clark, Chairman
Ms. Lorraine Liverpool, Vice-Chair
Ms. Carol Gardner, Treasurer
Ms. Michelle Saunders, Secretary
Dr. John Foster-Grant, Non-voting Member**

SCHOOL ADMINISTRATION

**Dr. John Foster-Grant, Principal
Dr. Pauline Foster-Grant, Executive Director**

GENERAL INFORMATION

NAME AND ADDRESSES OF SCHOOL LOCATIONS

Eagles' Nest Middle Charter School, 1840 NE 41st Street, Pompano Beach, Fl. 33064

TOTAL SCHOOL ENROLLMENT AND GRADE CONFIGURATION

Eagles' Nest Middle Charter School, Florida City

Fiscal Year 2006/2007

GRADE	TOTAL	%
6	22	43%
7	16	31%
8	<u>13</u>	<u>26%</u>
TOTAL	<u>51</u>	<u>100%</u>

Fiscal Year 2006/2007

GRADE	TOTAL	%
6	40	49%
7	26	32%
8	<u>15</u>	<u>19%</u>
TOTAL	<u>81</u>	<u>100%</u>

L. BROWN AND COMPANY, P.A.

Certified Public Accountants and Consultants

P.O. Box 1064 ◆◆◆ Deerfield Beach, Florida 33443-1064
Telephone (954) 812-5515 Member American and Florida Institutes of Certified Public Accountants Fax (954) 933-7055

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Eagles' Nest Middle Charter School, Inc.
Broward County, Florida

We have audited the financial statements of Eagles' Nest Middle Charter School, Inc., (the "School") as of June 30, 2008 and for the year then ended and have issued our report thereon dated September 28, 2008. We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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 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 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.

This report is intended solely for the information and use of the School's Board of Directors, Broward County Commission, the School Board of Broward County, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "L. Brown and Company, P.A." in a cursive, flowing script.

L. Brown and Company, P.A.
September 28, 2008

L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

P.O. Box 1064 ◆◆◆ Deerfield Beach, Florida 33443-1064
Telephone (954) 812-5515 Member American and Florida Institutes of Certified Public Accountants Fax (954) 933-7055

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT**

To the Board of Directors of
Eagles' Nest Middle Charter School, Inc.
Broward County, Florida

We have audited the compliance of Eagles' Nest Middle Charter School, Inc., (the "School") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the years ended June 30, 2008. Eagles' Nest Middle Charter School, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the organizations' management. Our responsibility is to express an opinion on Eagles' Nest Middle Charter School, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Eagles' Nest Middle Charter School Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Eagles' Nest Middle Charter School, Inc.'s compliance with those requirements.

In our opinion, Eagles' Nest Middle Charter School, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Eagles' Nest Middle Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Eagles' Nest Middle Charter School Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, the School Board of Broward County, Florida, all applicable state agencies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



L. Brown and Company, P.A.
September 28, 2008

**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
MANAGEMENT LETTER
FOR THE YEAR ENDED JUNE 30, 2008**

L. BROWN AND COMPANY, P.A.

Certified Public Accountants and Consultants

P.O. Box 1064 ◆◆◆ Deerfield Beach, Florida 33443-1064
Telephone (954) 812-5515 Member American and Florida Institutes of Certified Public Accountants Fax (954) 933-7055

To the Board of Directors of
Eagles' Nest Middle Charter School, Inc.
Broward County, Florida

We have audited the financial statements of Eagles' Nest Middle Charter School, Inc. (the "School"), as of June 30, 2008 and for the year then ended and have issued our report thereon dated September 28, 2008.

We conducted our audit of compliance in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." We have issued our Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 28, 2008, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General.

The Rules of Auditor General (Section 10.654 (1)(d) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the special purpose financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

In connection with our audit, we determined that Eagles' Nest Middle Charter School, Inc. did not meet one of the conditions in Section 218.503(1)(e), Florida Statutes. Eagles' Nest Middle Charter School, Inc. reported deficit unreserved fund balance as of June 30, 2008. Resources available to cover reported deficit include net assets that are not otherwise restricted by federal, state or local laws, bond covenants, or contractual constraints.

This management letter is intended solely for the information of Eagles' Nest Middle Charter School, Inc., the School Board of Broward County, management, and the State of Florida Office of the Auditor General and is not intended to be or should not be used by anyone other than these specified parties.

Sincerely,

L. Brown and Company, P.A.
September 28, 2008



**EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
A NON-MAJOR COMPONENT UNIT OF THE SCHOOL BOARD OF
BROWARD COUNTY
MANAGEMENT LETTER**

A. Current Year's Finding

There were no new findings in the current year.

B. Prior Year's Update

1. The Accounting Manual Has Not Been Finalized and Updated.

Eagles' Nest Middle Charter School, Inc. does not have a finalized accounting manual.

Recommendation: Management should ensure that the accounting manual is completed as soon as possible and utilized in the Organization by those performing the accounting functions.

Management Response:

Management will complete the accounting manual during fiscal year 2007/2008.

This finding is applicable to the current year.

2. Input of Program Budgets into the Accounting System.

Eagles' Nest Middle Charter School, Inc. prepares budgets for all of its programs; however, program budgets are not keyed into the accounting system to facilitate the monitoring of program expenditures in relation to the budgets. The monitoring of program expenditures against the budgets is currently done with the use of an Excel spreadsheet.

Individual program budgets should be keyed into the accounting system in order to manage program expenditures.

Management Response:

Budgets are prepared for the school and monitored on an on-going basis using software other than the accounting software. Plans are in place to implement the budget in the accounting software in the near future.

This finding is applicable to the current year.